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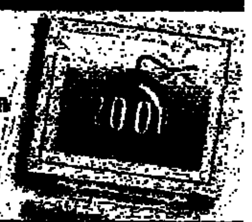
Today's survey
Portugal: Banking and Finance
Separate section

World Business Newspaper http://www.FT.com WEDNESDAY APRIL 16 1997

Millennium Watch



Today the FT launches Millennium Watch, a fortnightly guide to defusing the Millennium Bomb: the problem of adjusting computers to recognise dates in the next century.

Information Technology, Page 12

Police bungling cited in Belgian child death cases

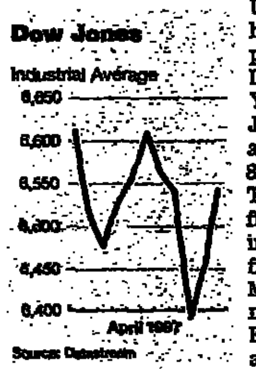
Sweeping changes to Belgium's police and judicial systems have been recommended after shocking revelations of bungled investigations into a string of child kidnappings and murders. A report by a parliamentary committee concluded that if police and judicial forces had done their jobs, the missing children would have been found earlier, perhaps alive. Page 16; Worst fears confirmed, Page 3

Endesa sale grows: Spain is poised to intensify its privatisation programme by placing half its 66 per cent stake in Endesa, the dominant electricity supplier, on the market this autumn. The offering would be worth Pta750bn ($5.2bn) at current prices, making it easily the biggest disposal of state equity. Page 17

Lloyd's of London is to suggest that Names substantially increase the minimum amount of capital they have to hold at the insurance market to support their underwriting activities. The move will be seen by many Names as an attempt to drive them out of Lloyd's in favour of corporate investors. Page 11; Observer, Page 15

Troops to enter Hong Kong: China's People's Liberation Army troops will start crossing the border into Hong Kong from Monday, ahead of the British colony's reversion to Beijing's sovereignty on July 1. The advance party will be 40-strong and unarmed. Page 8

Dow climbs as US inflation fears ease
Weaker than expected inflation figures buoyed US financial markets, helping stock and bond prices to rise sharply. In early afternoon New York trading, the Dow Jones Industrial Average was at 6,540.60, up 88.7, while the 30-year Treasury bond gained a full point, its yield falling to 7.09 per cent from 7.17 per cent on Monday. The positive mood spilled over into Europe, with equity and bond markets both closing higher. In London the FTSE 100 gained 35.1 to settle at 4,286.8. London stocks, Page 32; World stocks, Page 33



Kodak, *maker of photographic products,* and Johnson & Johnson, the US consumer and healthcare products group, said the dollar's rise had wiped about 3 per cent from overall sales growth in the first quarter. Page 17; US consumer prices edge higher, Page 7

Albania printing money: Finance minister Arben Malaj said Albania was printing money for pensioners and the unemployed, to make up for the shortfall in tax revenues caused by the country's slide into anarchy. Page 2; Italian troops land, Page 2

Nuclear mishap may bring charges: The Japanese government is to seek charges against executives of the state-run nuclear company, after it admitted mismanaging emergency procedures and falsifying information about a plant explosion. Page 8

Pilgrims perish in Saudi fire: Nearly 200 people were dead and hundreds more left injured after fire swept through a sprawling tent camp outside Mecca as 2m Muslims gathered for an Islamic ritual.

Murdoch promotes son: Lachlan Murdoch, 25, will assume control of Australian operations for News Corporation, the media group chaired by his father, Rupert. The move came as his father's long-serving lieutenant, Ken Cowley, announced his retirement in June as executive chairman of News Limited. Page 17

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STOCK MARKET INDICES

New York lunchtime		
Dow Jones Ind Av	6539.80	(+87.90)
NASDAQ Composite	1217.21	(+0.80)
Europe and Far East		
CAC40	2620.63	(+54.50)
DAX	3327.68	(+47.78)
FTSE 100	4286.8	(+35.1)
Nikkei	17,933.59	(+241.12)

US LUNCHTIME RATES

Federal Funds	5⅛%
3-mth Treas Bills: Yld	5.270%
Long Bond	94$\frac{3}{32}$
Yield	7.062%

OTHER RATES

UK: 3-mo Interbank	6$\frac{15}{32}$%	(same)
UK: 10 yr Gilt	97$\frac{11}{32}$	(97$\frac{3}{32}$)
France: 10 yr OAT	98.54	(97.80)
Germany: 10 yr Bund	101.24	(100.42)
Japan: 10 yr JGB	105.9511	(105.877)

NORTH SEA OIL (Argus)

Brent Dated	$17.535	(17.66)

GOLD

New York: Comex	
Apr $341.7	(346.4)
London:	
close $341.95	(346.75)

DOLLAR

New York: lunchtime	
£ 1.6265	
DM 1.73395	
FFr 5.827	
SFr 1.47	
Y 126.25	
London:	
£ 1.6254	(1.6227)
DM 1.7339	(1.7233)
FFr 5.8309	(5.7959)
SFr 1.4713	(1.4685)
Y 126.335	(126.34)
Tokyo close:	Y 126.55

STERLING

DM 2.8183	(2.7964)

[illegible]

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Row over new central bank

French pressing for top European post

By Wolfgang Münchau in London

The French government appears increasingly determined to propose its own candidate for the presidency of the future European Central Bank, one of the most powerful central banking jobs in the world.

But Europe's central banking establishment yesterday rallied to the support of Mr Wim Duisenberg, the Dutch front-runner.

The disagreement highlights a simmering conflict between France and Germany about the role and independence of the European Central Bank.

France has repeatedly criticised the statutory independence of the new central bank, but has failed in a diplomatic effort to set up a politically controlled counter-weight. A recent agreement to establish a stability council is seen as largely cosmetic by senior European monetary officials.

France appears to have stepped up its behind-the-scenes manoeuvres against Mr Duisenberg, who is seen as too close to the Bundesbank in his approach to monetary policy.

French unease about Mr Duisenberg became evident last December at the European Union summit in Dublin when President Jacques Chirac made it clear that Mr Duisenberg's appointment this summer as president of the European Monetary Institute (Emi), the forerunner of the central bank, did not prejudice the appointment of the president of ECB.

According to German media reports, France is proposing Mr Michel Camdessus, managing director of the International Monetary Fund, as ECB president. In return, France would support a German chairman for the IMF. The Elysée yesterday declined to comment on the reports.

A German official said yesterday that the French proposal "completely misjudges the way things work here. Are they saying that the Germans and the French could determine all by themselves who is going to be at the helm of the ECB, let alone at the helm of the IMF? You can bet that [Mr Helmut] Kohl [German chancellor] will not be available for such a cheap stitch-up."

A Dutch diplomat was even more explicit. "I don't think that putting a Frenchman up at the top would help build up confidence. We think perhaps that the French may just be trying to create some artificial negotiating mass to be used to their advantage at some point later."

Both officials warned privately that such a deal could fatally undermine public support for European monetary union in their countries.

Mr Duisenberg is due to take over from Mr Alexandre Lamfalussy, a Belgian, as Emi president in July. France has formally agreed to this appointment, but the formal decision on the ECB presidency is not due until early May 1998.

Andrew Fisher adds: Mr Lamfalussy spoke out yesterday against a delay to monetary union. "If a delay is decided, it could wreck the whole project." He told a press conference to present the Emi's annual report he would very much regret any delay now that EU economies were converging ahead of Emu. "It is impossible not to recognise that we are on a convergence track."

Emi chief sounds alarm, Page 2; Currencies, Page 25

Gazprom plans to save $522m in shake-up

By Chrystia Freeland in Moscow

Gazprom, the Russian natural gas giant, has launched a sweeping reorganisation which will see businesses that employ 100,000 people spun off this year and Rbs3,000bn ($522m) saved.

The restructuring follows a week of intense political pressure from Russia's new reformist cabinet which has made reining in the country's large natural monopolies its top priority.

Mr Rem Viakherev, Gazprom chairman, yesterday outlined plans to divide its holdings into four divisions – production, finance, marketing and social services.

Eventually the unprofitable social service holdings, which employ more than a quarter of the company's 375,000 workers, will be sold off.

Reformers in the Russian government have been pushing for a deeper restructuring – and perhaps eventual break-up of Gazprom, in order to separate its production, distribution and sales units and ease the company's hold over the country's pipelines.

However, for now, Mr Viakherev appears to have won the battle to set the pace of change within Russia's most powerful company.

He said he had reached a deal with the government to retain authority over a 35 per cent state-owned stake in the company which had been entrusted to him in 1993.

Some officials suggested last week that the state, which owns a total of 40 per cent of Gazprom, would take back its shares.

The concession appears to be a trade-off for Mr Viakherev's promise to pay a Rbs7,000bn tax bill by June 10, contributing to the Kremlin campaign to end a revenue shortfall in the economy that has left millions of state workers and pensioners with no income.

Although Gazprom controls 30 per cent of the world's known natural gas reserves,

Continued on Page 16

US chip makers see sales rise of up to 10%

By Louise Kehoe in San Francisco

World semiconductor sales have started to recover from last year's 9 per cent fall in revenues and could rise 10 per cent this year, leading US manufacturers believe.

Texas Instruments, one of the world's leading producers of dynamic random access memory chips, the "D-Ram" workhorse data storage chips used in all types of computers, yesterday reiterated its prediction of 10 per cent industry sales growth as it reported improving first quarter performance in its own chip operations.

Similarly Motorola, another big manufacturer, said last week it expected world semiconductor sales to grow by 10 per cent this year.

Intel, the world's largest semiconductor manufacturer, which concentrates primarily on the market for microprocessors used in personal computers, reported a 39 per cent jump in first quarter revenues earlier this week.

Last year's industry downturn was largely caused by a big decline in D-Ram prices. Texas Instruments said these had begun to stabilise over the past few months, with only a "slight decline" during the first quarter.

Additionally, its latest customer survey showed component stocks at computer and electronic systems manufacturers at record lows.

The industry expects sales of microprocessors, digital signal processors and other specialised chips to be especially strong. Texas Instruments is forecasting a 20-30 per cent rise in sales of its digital signal processors, used in modems and multimedia systems.

Lower D-Ram prices meant Texas Instruments' semiconductor revenues were down in the first three months of this year compared with the same period of 1996. Excluding memory, however, semiconductor revenues were significantly higher.

Semiconductor operating profits were up more than 50 per cent from the previous three months. In addition, the company said, orders during the quarter grew at "double digit rates" compared with the fourth quarter of 1996, with strength across all products and geographic regions.

The improved performance of its semiconductor operations helped Texas achieve a slight increase in first quarter profits, before

Continued on Page 16
Intel results, Page 20

Exiled king returns to Bulgaria

Bulgaria's exiled King Simeon II waves to crowds yesterday after his arrival in Gorna Oriahovitza, 250km east of the Bulgarian capital Sofia. The king, who left the country as a child in 1946 and lives in Madrid, was invited on a brief visit and will meet political leaders Reuter

BAe seeks to calm French Airbus anxiety

By Michael Skapinker, Aerospace Correspondent

British Aerospace reassured France yesterday that it would not lose its factories and research establishments as part of the shake-up of Airbus Industrie.

BAe stuck to its firm line that Airbus should take over its shareholders' factories and research facilities when it is transformed into a limited company in 1999. However, manufacturing and research would continue in the four countries in which Airbus operated.

The UK group's statements follow concern in France that European aerospace consolidation would result in factories and research centres being moved to lower-cost countries. Aerospace executives in France fear that could result in the French government withdrawing support for the development of new aircraft by Airbus Industrie, the manufacturing consortium.

The four shareholders – BAe, Aerospatiale of France, Daimler-Benz Aerospace (Dasa) of Germany and Casa of Spain –agreed this year to turn Airbus into a single company. It is at present a *Groupement d'Intérêt Economique*, which does not publish accounts.

Aerospatiale's view that the new Airbus company should leave manufacturing and research to its shareholding companies had been strongly opposed by BAe and Dasa.

But Mr John Weston, BAe's managing director, said the change at Airbus should be the precursor of a single European aerospace and defence company, which would retain national identities.

In a speech for a conference in Hanover, Mr Weston said: "The new company will have to be run by a single unified structure which will manage the business across national boundaries. But national identities will have to be retained. The company will need to retain national governments as customers and providers of investment . . ."

"Governments will rightly expect a return . . . in terms of employment, the technological base and perhaps return from export sales. The new company will . . . need to seek an equitable but also industrially rational distribution of activities between the countries."

"The preservation of national identities must lead to the company being perceived as German in Germany, British in the UK and French in France."

Mr Weston omitted these remarks when he gave his speech, but said he stood by them. BAe said it believed preservation of national identities more important in defence, where customers were European governments, than in civil aircraft manufacturing.

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NEWS: EUROPE

Italian-led force lands in Albania

By Robert Graham in Rome

More than 1,000 troops of an Italian-led eight-nation mission landed in the Albanian port of Durrës at dawn yesterday.

Mr Bashkim Fino, the Albanian prime minister, greeted the troops, who will protect humanitarian aid and prepare for elections over the next three months.

Admiral Guido Venturoni, head of the Italian joint chiefs-of-staff, said it had been decided not to land at the key southern port of Vlorë which is in the hands of rebel public security committees that recognise neither the Fino government nor President Sali Berisha.

Italy is contributing 2,500 of a 6,000-strong contingent from France, Turkey, Greece, Spain, Romania, Austria and Denmark. Britain and Germany declined to take part.

The mission is authorised by a United Nations resolution and is backed by the Organisation for Security and Co-operation in Europe.

A small advance guard of 200 specialist troops, mainly from Italy and France, last week secured the port at Durrës and Tirana airport.

Yesterday's landing at Durrës began with 450 French troops, followed by a 330-strong Spanish contingent and 200 Italian soldiers.

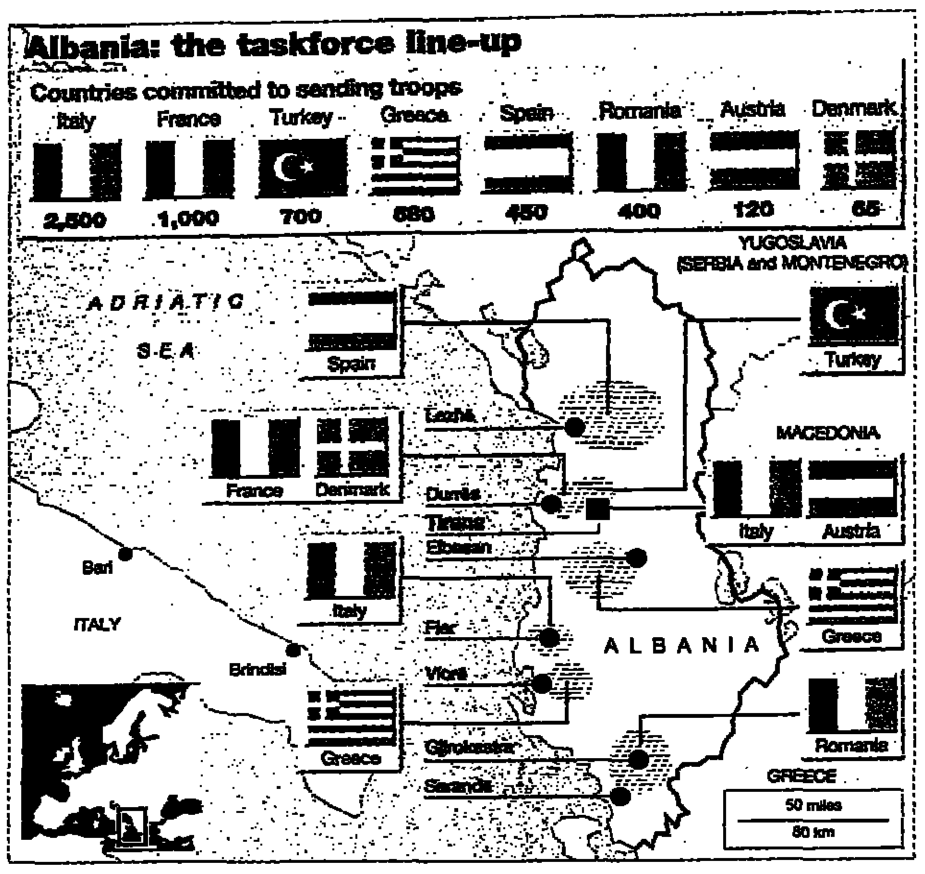
A further 150 Italians arrived at Tirana airport.

The bulk of the force will begin to be deployed after April 25. The immediate aim is to secure main roads and distribution points to allow aid convoys to arrive. The troops will then help restore infrastructure in the run-up to elections in June.

The troops' rules of engagement allow the use of force to protect civilians. Most of the population has access to weapons and power is largely in the hands of organised crime.

The rebels are demanding the resignation of President Berisha, blamed for the collapse of get-rich-quick savings schemes at the root of unrest in which more than 300 have died.

Italy is anxious to stop the flow of illegal immigrants. In the past month 13,000 have taken advantage of the crisis to seek refuge.



Tirana prints money to pay pensioners

By Kevin Done, East Europe Correspondent

'All the institutions say we must have a budget. It is difficult, but we must draft one.'

'Of course this situation cannot go without inflation. I am sure we will be forced to print money again. This is very worrying. One of my colleagues told me we will not have the money to print money.' *Mr Arben Malaj, Albanian finance minister*

Mr Arben Malaj, the Albanian finance minister, said yesterday his government was printing money to pay pensioners and the unemployed in order to make up for the shortfall in tax revenues caused by the country's slide into anarchy.

"Of course this situation cannot go without inflation. I am sure we will be forced to print money again. This is very worrying. One of my colleagues told me we will not have the money to print money."

Mr Malaj – the Socialist finance minister in the caretaker all-party government – met officials of the international financial institutions in London yesterday. A team from the Albanian finance ministry has held two days of talks in London with officials from the IMF, the World Bank and the European Bank for Reconstruction and Development in an effort to prepare a draft government budget. An International Monetary Fund mission is to visit the country shortly to investigate the economic collapse and to discuss a financial support package.

Mr Malaj said: "All the institutions say we must establish fiscal discipline. We cannot have this without a budget. It is difficult, but we must draft one."

The riots and looting and the armed insurrection in particular in the south of the country have taken a heavy toll on the fragile Albanian economy, and gross domestic product is expected to contract by between 4 and 7 per cent according to preliminary government estimates, said Mr Malaj.

Prices had risen by around 30 per cent in the first three months of the year, he said, and the budget deficit was expected to jump to as much as 16 to 17 per cent of GDP from the 7 to 8 per cent forecast before the country plunged into civil disorder and the state of emergency was declared at the beginning of March.

Albania is seeking assistance from the World Bank to fund an investigation by international auditors into the affairs of the several remaining quasi-pyramid savings schemes in Albania including Vefa Holding, Silva, Kamberi, and Cenaj, which have taken hundreds of millions of dollars from depositors in Albania, many of whom have lost their life savings.

The closure of these organisations is expected to be a condition of any financial assistance from the IMF and the World Bank, but such a move is being resisted.

The schemes were no longer able to take deposits, said Mr Malaj. The government wished "to stop their activity," but it was being hampered by President Sali Berisha and by the parliament in which Mr Berisha's rightwing Democratic party holds 122 of the 140 seats and which has yet to pass the necessary legislation.

Emi chief sounds alarm on EU's 'dismal' jobs record

Annual report highlights worrying trend, writes **Andrew Fisher**

The European Monetary Institute, forerunner of the European Central Bank, yesterday used its annual report to focus on Europe's long-term problems of unemployment and social security spending rather than the immediate question of whether EU countries are meeting the criteria for monetary union.

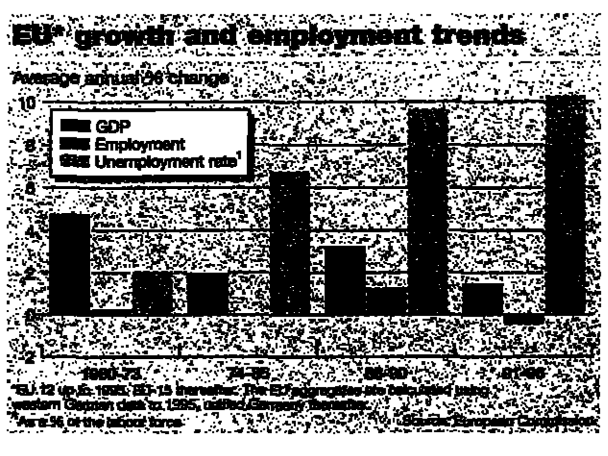
In the foreword to the report, Mr Alexandre Lamfalussy, Emi president, said the Union's recent record on creating jobs had been "dismal" and that jobless trends were "extremely worrying".

The report itself notes that, *while gross domestic* product growth has grown by an overall 7 per cent in the past three years, the increase in employment has been virtually zero. The unemployment rate across the EU is around 11 per cent.

The Emi believes central banks can only do so much to help the economy through stable monetary conditions and low interest rates, and that governments must help create the right conditions for job creation.

The report says a *reduction in structural rigidities* in labour and product markets "is a *sine qua non* for the alleviation of unemployment in the EU".

It warns that labour market reforms in most countries have been too marginal to have much impact, bearing in mind that "globalisation has increased competition dramatically". Noting that some countries, such as Britain, the Netherlands and Belgium, have taken fairly strong measures, it says



more time will be needed to assess their impact fully.

The report's *other main* concern is government spending. Mr Lamfalussy – who steps down at the end of June to be succeeded by Mr Wim Duisenberg, head of the Dutch central bank – says that progress by member states on shrinking budget deficits generally remains "far from satisfactory".

He is worried that too many countries are relying on tax and social security revenues, rather than spending cuts, to ease their budget strains. He also repeats the Emi's *distaste for "one-off* and accounting measures" to reduce budget deficits. Though he does not mention France and Italy by name, both have announced various window-dressing measures and special tax moves.

While not saying so directly, he is clearly concerned that European monetary union *could be undermined* if changes in tax regimes, pension and social security systems, labour markets and bureaucracies do not occur fast enough to cure unemployment.

Having said in its convergence report last November that most EU countries did not fulfil the convergence criteria – the main ones being that budget deficits must not exceed 3 per cent of gross domestic product and public sector debt should be within 60 per cent *of GDP, or approaching this* – the Emi does not repeat this message at length.

Little new data has since become available and no new European Commission figures on the outcome of fiscal policies in 1996 are yet available. Mr Lamfalussy does say, however, that "it is extremely important" that Emu member countries' economies "should be convergent and capable of remaining so".

It is the phrase "capable of remaining so" which provides the link between the Emi's immediate worries about pre-Emu convergence and its longer term concerns about unemployment and countries' social security burdens. The report says the solidarity pact – intended to enforce fiscal discipline among Emu members – will help strengthen budgetary resolve in Emu.

"The paramount importance of *sustainable budgetary* positions also stems from the future burden which will arise from the interaction between interest payments on the accumulated debt stocks, high and persistent unemployment, and demographic trends," it adds.

All in all, the road to Emu is proving a bumpy one as Mr Lamfalussy forecast a year ago. Hence the Emi report's emphasis on the need for "a high degree of sustainable convergence" to ensure not too many bumps remain after 1999, assuming Emu starts on time. "At stake," says the report, "is the macroeconomic environment in which the European central bank will have to take its first steps in ensuring price stability."

US and EU differ on priorities for EBRD

By Anthony Robinson, east Europe editor

The European Bank for Reconstruction and Development faces a tricky future *with its main shareholders,* the US and European countries, divided over its role.

The Americans want the bank to pioneer private business in risky but energy and resource-rich areas of central Asia.

But at this year's annual meeting in London, the EU Commission and individual European governments emphasised their desire for the bank to focus closer to home.

Mr David Lipton, of the US Treasury, praised the bank's chief officials, Mr Jacques de Larosière and Mr Ron Freeman, for making it "a pacemaker in promoting the private sector". He said Washington wanted the bank to "ride the crest of transition" by helping overcome obstacles to private investment in central Asia, Russia and Ukraine.

The EU wants the bank to help finance EU enlargement and specific projects, such as *making safe the Chernobyl* nuclear plant.

"Enlargement opens up new prospects for co-operation between the EBRD and the Community," said Mr Yves-Thibault de Silguy from the EU Commission. He *called on the EBRD to play a* big role in applying the EU's expensive community institutions to aspiring members from central Europe. The bank, which has to devote 60 per cent of its resources on private-sector projects, should also *"contribute* finance, know-how and experience" to building the transport, communications and energy networks of the enlarged Europe, he added.

Italy, with its special interest in promoting stability in Albania, called for more bank involvement in the Balkans, while Germany stressed nuclear safety in Ukraine.

Such a policy is fiercely opposed by environmental lobbies, however. They want the bank to abandon nuclear power and blame the EBRD for not using funds from the nuclear safety account it manages to close dangerous reactors.

In theory, the bank's main shareholders agreed a "graduation policy" last year. This will take the bank into more difficult and risky areas of investment in the more developed central European states while extending further and further east.

In practice, the conflicting priorities of shareholder governments and the expectations in its 26 countries of operation are way beyond the resources of the bank, even though its capital has been doubled to Ecu20bn ($22.8bn).

European car sales distorted by incentives

By Haig Simonian, Motor Industry Correspondent

Registrations of new cars in western Europe in March were down 3 per cent on a year earlier, reinforcing concern that sales this year will be well below expectations.

Many carmakers fear demand has been distorted by government and industry incentive schemes last year, which pulled sales forward in France and Germany.

The effect of ending such programmes was particularly evident in France, where sales in March were down 21.2 per cent. Sales in Germany, Europe's biggest car market, where demand had been boosted by industry incentives in 1996, was also weak, with registrations down 8.6 per cent.

The effect of the decline in France and Germany easily overshadowed the Italian government's incentive scheme, introduced in January. Sales in Italy soared by 25.1 per cent in March, propelling the country into second place in terms of overall registrations this year.

However, analysts noted that had Italian registrations remained at their previous year's level in March, total sales in western Europe would have dropped by a more dramatic 6.4 per cent last month.

The effect of the incentives in Italy and their termination in France emerged clearly in manufacturers' performances. Fiat's group sales rose by 7.5 per cent last month on the back of sharply higher Italian sales. By contrast, Renault fell by 8.9 per cent and Peugeot-Citroën by 7.4 per cent as home market demand fell.

Ford and General Motors also had a poor month, affected primarily by lower registrations in Germany. By contrast, Volkswagen continued its remorseless climb in market share, with rises in the group's smaller brands compensating for a fall in the core VW marque.

In what may be a harbinger of difficulties ahead, Korean brands also recorded a surprise downturn in March, with sales falling by 9.2 per cent compared with virtually constant rises in the past two years. In the first quarter of 1997, the previous double-digit climbs in Korean registrations slowed to a modest 6.5 per cent growth.

West European new car registrations
January-March 1997

	Volume (Units)	Volume Change(%)	Share (%) Jan-Mar 97	Share (%) Jan-Mar 96
TOTAL MARKET	3,429,000	-2.2	100.0	100.0
MANUFACTURERS:				
Volkswagen group	592,474	+1.4	17.3	16.7
– Volkswagen	363,609	–7.2	10.6	11.2
– Audi	122,404	+23.1	3.6	2.8
– Seat	81,550	+8.8	2.4	2.1
– Skoda*	24,911	+36.3	0.7	0.5
Fiat group##	435,239	+1.2	12.7	12.3
– Fiat	363,499	+5.5	10.6	9.9
– Lancia	41,521	–11.5	1.2	1.3
– Alfa Romeo	29,712	–22.1	0.9	1.1
General Motors#	417,913	–6.0	12.2	12.7
– Opel/Vauxhall	400,813	–6.2	11.7	12.2
– Saab**	15,506	+8.5	0.5	0.4
Ford group#	381,067	–8.9	11.1	12.0
– Ford	376,405	–9.2	11.0	11.9
– Jaguar	4,662	+20.7	0.1	0.1
PSA Peugeot Citroen	381,011	–9.8	11.1	12.1
– Peugeot	217,689	–13.8	6.4	7.2
– Citroen	163,322	–3.9	4.8	4.9
Renault	330,610	–5.8	9.7	10.0
BMW group	202,467	+0.2	5.9	5.8
BMW	103,875	+2.5	3.0	2.9
Rover	98,592	–2.1	2.9	2.9
Mercedes-Benz	119,532	–2.4	3.5	3.5
Volvo	61,261	+30.7	1.8	1.3
Nissan	98,582	+1.6	2.9	2.8
Toyota	96,032	+15.9	2.8	2.4
Honda	57,039	–4.1	1.7	1.7
Mazda	51,877	+12.2	1.5	1.3
Mitsubishi	42,093	+7.6	1.2	1.1
Total Japanese	396,990	+7.6	11.6	10.6
Total Korean	65,546	+6.5	1.9	1.8
MARKETS:				
Germany	868,700	–5.3	25.4	26.2
Italy	625,500	+16.3	18.3	15.4
United Kingdom	549,500	+3.5	16.1	15.2
France	406,800	–26.6	11.9	15.8
Spain	238,900	+6.1	7.0	6.4

*VW holds 70 per cent and management control of Skoda.
#Includes cars imported from US and sold in western Europe.
**GM holds 50 per cent and management control of Saab Automobile.
Fiat group includes Lancia, Alfa Romeo, Innocenti, Ferrari and Maserati.
Source: ACEA (European Automobile Manufacturers Association) estimates. Figures are rounded.

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EUROPEAN NEWS DIGEST

Waigel offers tax cuts deal

Mr Theo Waigel, Germany's finance minister, yesterday offered to compromise with the opposition over the scale of planned tax cuts. After three hours of talks with the Social Democratic party (SPD), Mr Waigel said the net DM30bn ($17.4bn) a year in tax cuts proposed by the government was negotiable. SPD support is important because it dominates the second chamber of Germany's parliament. Cross-party talks resume next Wednesday.

Mr Oskar Lafontaine, SPD leader, said his party would back any moves which cut unemployment or benefited employees and families. SPD agreement could allow tax cuts in 1998, a year earlier than planned. Differences remain over the financing of DM84bn in income and corporation tax cuts.

Meanwhile, leaders of the Bonn coalition parties yesterday agreed plans to reform the country's expensive pay-as-you-go index-linked pensions system – a second plank of reform planned by Chancellor Helmut Kohl. The SPD is willing to talk about pension reform, but has rejected plans to cut pensions from 70 per cent of earnings to 64 per cent in the long term. *Ralph Atkins, Bonn*

Solana draws blank in Russia

Mr Javier Solana, Nato's secretary general, yesterday failed to achieve a breakthrough with the Russian government during talks on future relations. "Some difficult questions remain which must be resolved to pave the way for a mutually acceptable document on relations between Russia and Nato," the Russian foreign ministry said.

Mr Solana met Mr Yevgeny Primakov, Russia's foreign minister, for several hours in Moscow in an attempt to resolve differences over plans to enlarge the western alliance. Following a US-Russian summit in Helsinki last month, Mr Primakov said Russia was aiming to sign a partnership agreement with Nato on May 27 in Paris. But the two sides appeared unable to agree on Moscow's role in Europe's revised security arrangements. Consultations will continue. *John Thornhill, Moscow*

Spain trims interest rate

The Bank of Spain cut its benchmark interest rate yesterday by a quarter point to 5.5 per cent, the lowest level ever set. The cut was widely expected as domestic inflation is falling and the peseta has strengthened against the D-Mark. Annual inflation fell in March to 2.2 per cent, the lowest level since the 1960s and a full point below the rate at the end of last year.

The rate cut prompted the Madrid stock exchange to rise 1 per cent, lifting its general index by 5 points to 481. The government is expecting 3 per cent growth in gross domestic product midway through the year on the back of rallying domestic demand. The economy ministry has set a target of 3 per cent for 1997 with the aim of bringing the budget deficit down from an estimated 4.4 per cent in 1996 to 3 per cent this year. *Tom Burns, Madrid*

Greek payments deficit soars

Greece's current account deficit widened by 59 per cent in 1996 following a surge in imports and a poor tourist season. The deficit rose from $2.8bn the previous year to $4.5bn, equivalent to 3.5 per cent of Greece's gross domestic product. The broader trade deficit reached a record $18.4bn but government advisers said most of the 7.1 per cent increase covered purchases of equipment and machinery by Greek companies modernising with the help of EU grants and government subsidies. Imports grew by 5.3 per cent to $24.1bn.

Exports were flat at $5.8bn, according to central bank figures. However, these do not include export earnings held in foreign currency accounts outside Greece or increasing trade with neighbouring Balkan countries carried out in Greek drachmas. The surplus on the invisibles account shrank by 3.3 per cent to $13.8bn, led by a sharp fall in tourism earnings. Greece lost ground last year to cheaper Mediterranean destinations, with receipts declining by 10 per cent to $3.9bn. The fall was attributed to the central bank's "hard drachma" policy which last year limited its depreciation against other EU currencies to 1 per cent. *Kerin Hope, Athens*

Italy 'can reach' Emu goal

The Organisation for Economic Co-operation and Development said heavily indebted Italy was "within reach" of meeting the Maastricht single currency criteria but Italy still needed to take "corrective measures" if it was to become one of the first group of countries to adopt the euro. The OECD said Mr Romano Prodi faced a daunting task as he tried to halve Italy's budget deficit this year. Mr Prodi's centre-left government has introduced tough budget moves over the past 12 months in an attempt to cut the deficit to 3 per cent of gross domestic product from 6.7 per cent in 1996. *Reuter, Rome*

Cypriot violence condemned

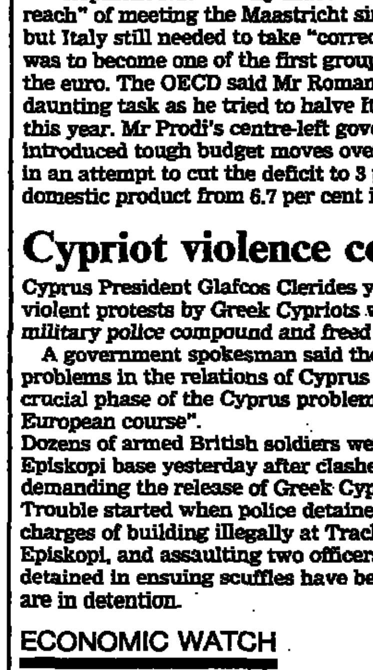
Cyprus President Glafcos Clerides yesterday condemned violent protests by Greek Cypriots who stormed a British military police compound and freed two detainees.

A government spokesman said the protests "create problems in the relations of Cyprus with Britain at a crucial phase of the Cyprus problem and [the island's] European course".

Dozens of armed British soldiers were on foot patrol at Episkopi base yesterday after clashes with locals demanding the release of Greek Cypriot prisoners. Trouble started when police detained a Greek Cypriot on charges of building illegally at Trachoni, a village close to Episkopi, and assaulting two officers. Five Cypriots detained in ensuing scuffles have been released and two are in detention. *Reuter, Episkopi*

ECONOMIC WATCH

Inflation on downward trend



Germany's annual inflation rate dipped further in March to 1.5 per cent, according to the federal statistics office. The trend has been down since the beginning of the year when severe weather pushed many prices sharply higher. The figures for January and February were 1.8 and 1.7 per cent respectively. Between February and March, consumer prices fell by 0.2 per cent. Reductions in the cost of energy, and to a lesser extent in food and drink, offset price rises in rents and clothing. Mr Thomas Mayer, analyst at Goldman Sachs in Frankfurt, said recent depreciation of the D-Mark could feed through into higher prices in the next few months, leading to a small increase in the year-on-year inflation rate. Inflation could rise further if the modest pick-up in economic activity seen in the first few months of the year continued. *Ralph Atkins, Bonn*

■ The Dutch trade surplus widened to Fl 3.6bn ($1.8bn) in December from Fl 3.4bn a year earlier, the central bureau for statistics said. The 1996 surplus fell to Fl 28bn from Fl 31bn a year earlier.

Britain and France outvoted in deal to preserve stocks

EU puts new curbs on fishing

By Caroline Southey in Luxembourg

European Union fisheries ministers yesterday agreed to cut the size of fishing fleets and the days they spend at sea by up to 30 per cent over the next five years in an effort to preserve stocks.

Britain and France voted against the deal which has been the subject of intense negotiations since last May. Britain cast its vote in protest against quota-hopping – the practice of non-UK boat owners buying UK fish quotas – which it insists must be resolved before capacity is cut.

Mr Jozias van Aartsen, the Netherlands minister, described the deal as a "giant leap forward". However, it represents a climbdown by Mrs Emma Bonino, the fisheries commissioner, who has pressed for a larger reduction in fishing fleets.

EU countries will have to cut fishing capacity by 30 per cent for the most endangered species, and by 20 per cent for over-fished stocks. Fishing effort will be frozen at present levels for all other stocks until 2001.

The most endangered species include cod, herring, mackerel, plaice and sole in the North Sea, sardines and saithe off the Iberian peninsula and salmon in the Baltic. Over-fished stocks include haddock, saithe and hake in the North Sea, mackerel, bluefish tuna and swordfish off Iberia, and cod in the Baltic.

The agreement allows member states to reach the targets either by lowering fleet sizes or by reducing fishing effort by limiting the number of days at sea.

Environmentalists attacked the deal because it did not do enough to cut fleet sizes. "We are opposed to the use of [fishing] effort reductions because of the lack of controls in EU waters. This is simply a licence for fraud. If boats exist there will be political pressure to put them to sea," said Mrs Patricia McKenna of the European Parliament's fisheries committee.

However, Mrs Bonino defended the agreement, pointing out that member states would have to combine cuts in fleet sizes with reductions in effort. "The Commission would have liked to go further but we felt it was reasonable to add our voice to the majority rather than leave a sector in crisis," she said.

In a last minute concession the Commission also agreed to raise the size of trawlers to be excluded from the deal from 10 metres to 12 metres. In addition, in an effort to overcome Spanish objections, it was agreed that the targets would not apply to EU trawlers operating in third country waters.

France insisted it could not support a five-year deal since this would commit it to cuts in capacity beyond 1999 when existing funding arrangements expire.

Swedish government unveils jobs plan

By Greg McIvor in Stockholm

Sweden's Social Democratic government yesterday launched a SKr66.1bn ($8.6bn) four-year programme to reduce near record unemployment but admitted it would fail to meet its pledge to halve the rate by the year 2000.

Unveiling its preliminary budget for 1998, the government said it would channel a projected SKr13.9bn surplus next year into state job creation and training schemes. A further SKr2.4bn would be redirected from existing budgets. The size of the programme would rise to SKr21bn in 1999 and SKr23.3bn the year after.

Faced by a slump in popularity and a general election next year, the minority SDP administration has come under intense pressure to adopt a more aggressive stance on jobs. Unemployment has remained persistently high since it took power in 1994 and the rate currently above 13 per cent.

The government said SKr8bn a year would be pumped into the already large public sector to promote employment and improve welfare services. Retirement incentives are to be offered to people aged over 63 and 70,000 new places created in higher and adult education in an effort to enhance skills levels.

State-sponsored labour market schemes are to be expanded, while payroll taxes for small enterprises are to be eased by SKr5.1bn over three years.

Mr Erik Asbrink, finance minister, admitted the government's progress on employment had been "disappointing" but said several years of tough fiscal tightening had provided scope for a substantial drive to cut unemployment.

He forecast a budget deficit of 2.1 per cent this year, well within the 3 per cent ceiling for participation in a European single currency. Stressing the government's commitment to sound finances, he forecast a zero overall balance in 1998, rising to a 1.5 per cent surplus in 2000 and 2 per cent in 2001. Gross domestic product should rise 2.3 per cent this year and 2.5 per cent in 1998.

Market reaction was muted, reflecting the advance flagging of several key proposals. The five-year bond yield eased 4 basis points to 6.83 per cent and the krona weakened slightly against the D-Mark.

Analysts expressed scepticism that the jobs package would produce significant employment growth. Mr Hubert Fromlet, chief economist at Swedbank in Stockholm, said the emphasis was on reducing the workforce rather than implementing necessary structural reforms.

Editorial comment, Page 15

Kremlin replaces key finance figure

By Chrystia Freeland in Moscow and Arkady Ostrovsky in London

Mr Andrei Vavilov, Russia's first deputy finance minister, has been sacked, senior officials said yesterday, in another sign that the Kremlin is becoming serious about its promise to reshape the nation's inefficient, crime-ridden bureaucracy.

Mr Vavilov's key post at the finance ministry will be taken over by Mr Alexei Kudrin, a tough minded young market reformer who is already a deputy finance minister. Mr Kudrin is a protégé of Mr Anatoly Chubais, the architect of Russia's mass privatisation programme who was recently promoted to the double portfolio of first deputy prime minister and finance minister.

"Vavilov is leaving the government and will be moving into the commercial sector," Mr Kudrin said in an interview at the recent annual meeting in London of the European Bank for Reconstruction and Development. "He has handed his brief over to me and I will be taking over all his business in the government," he said.

Mr Vavilov is widely respected as one of Russia's most talented financial minds. However, his role as a chief distributor of government funds to friendly private businesses, through schemes such as a system of "authorised" commercial banks, has often brought him into controversy. Recently, he appeared to be the intended victim of a car bomb, although he escaped unscathed.

He survived several previous government reshuffles and his power within the administration was legendary. A former finance minister used to complain privately that he had tried to sack Mr Vavilov but had been unable to do so.

His replacement, Mr Kudrin, said he would now be responsible for Russia's relations with all the main financial institutions, including the International Monetary Fund and World Bank. Mr Kudrin said that overhauling Russia's byzantine tax system would be his top priority, but he conceded that it was a Herculean task.

"What has to be done is clear," Mr Kudrin said. "The problem is that, as always, we are running out of time. This year is going to be the most difficult one. If we manage to get through it, we can expect slight growth of the economy in 1998."

Belgians have their worst fears confirmed

Paedophile scandal report has exposed catalogue of blunders, writes Emma Tucker

At 3pm yesterday afternoon the lower house of Belgium's parliament was packed but quiet. At the end of a harrowing six months a specially convened commission was ready to present its findings on one of the worst scandals ever to afflict the country.

Watching from the public gallery were some of the relatives caught up in the tragedies that have shaken Belgium to its roots. The now familiar figures were there to hear how it was that an entire police and judicial system failed spectacularly to rescue at least five missing children from the clutches of two well-known paedophiles.

They were not to be surprised. The 300-page report, based on the evidence of 110 witnesses, confirmed what everyone already suspected.

"If the right decisions had been taken in 1995, the children would without doubt have been found, perhaps still living," it said.

The question now facing the government is whether it can oversee reforms to an underfunded, bureaucratic and highly politicised judicial system, that will satisfy a cynical and angry public.

Apart from an early slip – when he was criticised for not meeting the parents of the missing children – Mr Jean-Luc Dehaene, the prime minister, has ridden the storm of public opinion. He has even won plaudits for promising to change the way judges are appointed and for setting up the parliamentary inquiry that reported yesterday.

But he, and his justice minister, are under intense pressure not to let the momentum for reform to slide. Only a few years ago, the same police and judicial structures singled out in yesterday's report were severely criticised for failing to get to the bottom of a series of gruesome and seemingly random murders at supermarkets. Then, the government did nothing.

What is more, the second phase of the parliamentary inquiry which now gets under way is likely to prove much trickier. This will examine whether the chief suspects in the paedophile scandals enjoyed some form of high-level protection. Many Belgians believe this to be the case, and the report yesterday gave a foretaste of what may be to come.

"The commission finds it difficult not to conclude, based on the relevant evidence, that Nihoul, Dutroux, Derochette [the chief suspects] and their accomplices may have been protected," it said.

Several of the parents who have led the crusade to uncover how the system tragically let down their children, are convinced of nothing less. Their tireless efforts have won unprecedented support and sympathy from the Belgian public which has been disgusted by the revelations.

These began eight months ago with the discovery of the bodies of four young girls who had been abducted, abused and murdered. A fifth was found last month and police are still looking for others.

Last October, a quarter of a million people marched through Brussels not only to express their sympathy with the parents, but also to express their disillusionment with the judicial system.

The picture painted by yesterday's report justified their concern. It is one of bungling, incompetence, laziness and, perhaps worst of all, the failure of three different police forces, to share valuable information.

"The malfunctioning of the Belgian penal system today poses serious problems that put at grave risk the state of the law," says the report.

The catalogue of blunders range from the absurd – such as the failure to use sniffer dogs in the search for one nine-year-old because their handlers were on holiday – to the catastrophic – the fact that a magistrate investigating one kidnapping went on holiday at a vital stage without leaving clear indications of how to follow up the case.

The problem facing the government is that Belgium's police structures are deeply entrenched. At present there are three tiers: the judicial police, responsible for bringing cases to court; the gendarmerie, the national police who are answerable to the federal government; and the municipal police, who handle local matters such as motoring offences.

An historic rivalry between the three has developed into an unhealthy form of competition, highlighted by yesterday's report as a serious impediment to the smooth functioning of justice in Belgium.

For example, the gendarmerie had been following Marc Dutroux, the chief suspect, for years but failed to stop his suspected criminal activities and did not inform magistrates investigating the disappearances that he was a key paedophilia suspect.

The commission, chaired by MPs from all Belgium's main political parties, unanimously backed a recommendation to set up one integrated federal police force, that would operate at a national and local level.

There is no question that such a far-reaching change would meet deep resistance, not least from the gendarmerie which would lose some of its power. But unless the government insists on concrete reforms, there is a danger that the emotion of last October's march could develop into dangerous hostility.

CALL FOR TENDERS FOR THE SALE OF THE ASSETS OF "VOLOS COTTON MANUFACTURING CO S.A."

ETHNIKI KEPHALEOU S.A., Administration of Assets and Liabilities, of 9a Chryssospiliotissis St. Athens 10560, Greece, in its capacity as Liquidator of "VOLOS COTTON MANUFACTURING CO SA" a company with it registered office in Nea Ionia, Volos, Greece, (the "Company"), presently under special liquidation according to the provisions of Article 46a of Law 1892/1990, by virtue of Decision 106/1997 of the Larissa Court of Appeal"

announces a call for tender

for the sale of the assets as a single whole of the company described below:

BRIEF INFORMATION

The Company was established in 1963 and was in operation until January 1996. On 18.12.1997 it was placed under special liquidation according to the provisions of Article 46a of Law 1892/1990. Its activities included the production and marketing or ginned cotton, cotton yarns and cotton waste.

ASSETS OFFERED FOR SALE

These include an industrial plant in Nea Ionia, Volos, located in an area of 102. 889 sq.m. approximately, a section of which (16.067.5 sq.m.) has become part of the city planning area although the relevant Implementation Act has not yet been drawn up. The surface of the buildings amounts to approx. 50.636 sq.m. The plant's machinery consists of the following cotton ginning units:

a. A 18468 bobbin spinning unit with a capacity of 8500 KG of NEB 30 yarn per 24 hours.
b. A 32872 bobbin spinning unit with a capacity of 15000 KG of NEB 30 yarn per 24 hours.
c. A 43964 bobbin spinning unit with capacity of 10900 KG of NEB 31 yarn per 24 hours.
d. An OPEN END (O.E.) 648 turbines unit with a capacity of 1600 KG of NEB 30 yarn per 24 hours.

In addition, the Company's registered name, vehicles, readymade product, participation in other companies, receivables, five plots outside the Volos area and any other assets are also begin offered for sale.

OFFERING MEMORANDUM - FURTHER INFORMATION:

Interested parties may obtain the Offering Memorandum in respect of the Company and its assets upon signing a Confidentiality Agreement.

TERMS AND CONDITIONS OF THE AUCTION

1. The Auction shall take place in accordance with the provisions of article 46a of Law 1892/1990 (as supplemented by article 14 of Law 2000/91 and subsequently amended), the terms and conditions set forth herein and the "Terms and Conditions of Sale" contained in the Offering Memorandum. Such provisions and other terms and conditions shall apply irrespectively of whether they are mentioned herein or not. Submission of binding offers shall mean acceptance of such provisions and other terms and conditions.

2. Binding Offers: Interested parties are hereby invited to submit binding offers, not later than Monday, May 12th 1997, 12.00 hours to the Volos Notary Public Mr. George Kalamenis, No. 100, 28th October St. Volos, Tel. 30+421+28364. Offers should expressly state the offered price and the detailed terms of payment (in cash or instalments, mentioning the number of instalments, the dates thereof and the proposed annual interest rate, if any). In the event of not specifying: a) the way of payment, b) whether the credited amount shall bear interest and c) the interest rate, then it shall respectively be deemed that: a) the offered price is payable upon execution of the sale contract, b) the amount credited shall bear no interest and c) the interest rate shall be the legal rate in force from time to time. In all cases where the credited amount bears interest, this shall be calculated in relation to the outstanding amount and shall be payable on the dates of payment of each instalment. Binding offers submitted later than the above date shall neither be accepted nor considered. The offers shall be binding until the adjudication. Submission of offers in favour of a third party to be nominated at a later stage shall be accepted under the condition that express mention is made in this respect upon submission and that the offeror shall give a personal guarantee in favour of such third party for the compliance of the obligations deriving from the sale contract.

3. Letters of Guarantee: Binding offers must be accompanied by a Letter of Guarantee issued in accordance with the sample Letter of Guarantee contained in the Offering Memorandum, by a bank legally operating in Greece, to remain valid until the adjudication. The amount of the Letter of Guarantee must be DRS. TWO HUNDRED FIFTY MILLION (250.000.000.-)

Letters of Guarantee shall be returned after the adjudication.

4. Submissions: Binding offers together with the Letters of Guarantee shall be submitted in sealed opaque envelopes.

5. Envelopes containing the binding offers shall be unsealed by the above mentioned Notary Public in his office, on Monday, May 12th 1997, 13.00 hours. Any party having duly submitted a binding offer shall be entitled to attend and sign the deed attesting the unsealing of the binding offers.

6. As highest bidder shall be considered the participant, whose offer will be judge by creditors representing over 51% of the claims against the Company (the "Creditors") upon recommendation by the Liquidator, to be in the best interests of all of the creditors of the Company. For the purposes of evaluation, an offer to be paid in instalments shall be assessed on the basis of its present value to be calculated by employing a 15% annual discount interest rate.

7. The Liquidator shall give written notice to the highest bidder to appear on the date and place mentioned therein and execute the contract of sale in accordance with the terms contained in his binding offer and/or any other improved terms, which may be suggested by the Creditors and agreed upon. In the event of the highest bidder not complying with such obligation, the Letter of Guarantee shall be forfeited as a penalty. Adjudication shall be deemed to take effect upon execution of the contract of sale.

8. All costs and expenses of any nature, including any tax (such as V.A.T.), duties, custom duties, any charges in favour of the state or third parties, which may need to be paid (other than those exempted by the applicable law) in respect of the participation in the Auction and the transfer of the assets offered hereby for sale, the sale contract, as well as any other act prior or subsequent to the transfer of assets shall be exclusively borne by the purchaser.

9. The Liquidator and the Creditors shall have no liability nor obligation whatsoever towards the participants in relation to the evaluation of the offers or the appointment of the highest bidder or any decision to repeat or cancel the Auction or any decision whatsoever in connection with the proceedings of the Auction. The Liquidator the Company or the Creditors shall have no liability for any legal or actual defects of the assets. Submission of binding offers shall not create any right for the adjudication nor the participants shall acquire any right, power or claim from this Call and/or their participation in the Auction against the Liquidator and/or the Creditors for any reason whatsoever.

10. This Call has been drafted in Greek and translated into English. In any event, the Greek version shall prevail.

In order to obtain a copy of the Offering Memorandum and any further information please contact the Liquidator "Ethniki Kephaleou SA, Administration of Assets and Liabilities", 9a, Chryssospiliotissis St. Athens 10560,Greece. Tel.: +30-1-323.14.84-7, fax.: +30-1-321.79.05 (attention of Mrs. Marika Frangakis).

CONTRACTS & TENDERS

Eletrobrás
Centrais Elétricas Brasileiras SA

IT'S TIME FOR BRAZIL

Eletronorte
Centrais Elétricas do Norte do Brasil S.A.

FURNAS
CENTRAIS ELÉTRICAS SA

Ministério de Minas e Energia

SPECIFIC PROCUREMENT NOTICE
NORTH - SOUTH INTERCONNECTION
PROJECT BR-0275
INTERNATIONAL TENDER CC-BO-10.089/97

The purpose of this tender is the procurement of series fixed capacitors, series controlled capacitors and static compensators for 500kV substations included in the expansion of the North - Northeast Transmission System, to be constructed nearby the cities of Imperatriz and Presidente Dutra, in Maranhão State, and the cities os Colinas and Miracema, in Tocantins State, Brazil. Upon conclusion, these substations will enable the interconnection of the North - Northeast and the South - Southeast Transmission Systems now operating as isolated systems.

This tender is open to suppliers of equipment originating in Inter-American Development Bank (IDB) member countries, with both experience and tradition concerning the supply of said items.

ELETROBRÁS has been dully authorized by the Brazilian Government to proceed the construction of the specified substations with the support of ELETRONORTE. ELETROBRÁS is in the process of negociating with IDB and EXIMBANK-Japan the funds required for the above mentioned supplies, which are subject to the terms of the Loan Contracts to be signed with these international institutions.

The Bidding Documents will be available for consultation and can be obtained at a cost of R$ 200.00 (two hundred reais) starting April 16, 1997, at the address below. Air mailing of Bidding Documents will be charged an additional US$ 100.00 (one hundred dollars) cost.

The supply of equipments under this Tender will be ended by late August, 1998. The Qualification Documents and Proposals will be received at 3:00 p.m. on June 18, 1997 at the address below, when the envelopes containing the Qualification Documents will be opened. Any further information may be requested at the same address.

CENTRAIS ELÉTRICAS DO NORTE DO BRASIL S.A. - ELETRONORTE
Gerência de Apoio e Assessoramento Jurídico à Licitação e Contratação - GSSJ
SCN - Quadra 06 - Conjunto "A" - Edifício Venâncio 3.000 - Bloco "C" - Sala 710
CEP 70.718-900 - Brasília - DF - BRASIL
Phone: (55-61) 212-6658 - Fax: (55-61) 212-6659

CONTRACTS & TENDERS

Hellas

MINISTRY OF DEVELOPMENT
GREEK NATIONAL TOURISM ORGANISATION

Announcement for an invitation to tender

The Greek National Tourism Organisation (GNTO) hereby invites for an international public bidding competition (auction) with sealed bids (without counter-bids) for the tourist development and long-term use and exploitation of an area of 1.630 «stremmata» (1 stremma = 1.000 m²) in the district of Anavyssos of Attiki.

The bidding will be carried out at the offices of the Directorate of Exploitation of the GNTO, at 7 Voulis street, 6th Floor, Room No 616, on Monday, 01.09.1997, from 10.00 to 12.00 hours, before a Bidding Committee, set up for this purpose.

Interested parties can avail themselves of the text of the invitation to tender from 18.04.97 onwards from the GNTO offices at 7 Voulis street, 6th Floor, Room No 611, Athens, every day from 11.00 to 14.00 hours.

The General Secretary
N. Skoulas

NEWS: INTERNATIONAL

Euro-Mediterranean foreign ministers fail to stop Arab delegations from pillorying Israel

Mideast overshadows Malta talks

By David Gardner in Valletta

The deadlocked Middle East peace process overshadowed the first day of a Euro-Mediterranean foreign ministers' conference in Malta yesterday, called to push forward plans agreed in Barcelona in November 1995 for a free trade zone linking the EU to 12 Middle Eastern and North African nations.

Strenuous efforts by the EU to prevent the conference from becoming a slanging match between Arabs and Israelis failed to stop Arab delegations from pillorying Israel for its continuing to establish Jewish settlements in occupied Arab east Jerusalem and the West Bank.

The EU, which has failed to conclude any new association agreements with its Mediterranean partners since Barcelona, itself came under fire for attempting to impose what Mr Amr Moussa, Egypt's foreign minister, called "imbalanced and unfair terms" in its negotiations. The EU signed agreements with Tunisia, Morocco and Israel in 1995. It is close to deals with Egypt, Jordan and Lebanon, has an interim agreement with the Palestinians and is in negotiations with Syria and Algeria.

Yassir Arafat, president of the Palestinian Authority, greets David Levi, Israeli foreign minister, in Valletta before the Euro-Mediterranean conference yesterday. Hans Van Mielo, Dutch foreign minister, (extreme right) looks on *Reuter*

The Arab tone was set by Mr Yassir Arafat, president of the Palestinian Authority, who said Israel was "strangling the peace process" by "annexing [east] Jerusalem through settlements and the deportation of its Arab population" and was "strangling the Palestinian economy through its continuous blockade" of the West Bank and Gaza. "Peace and settlements are two opposites," the Palestinian leader said.

Mr David Levy, Israel's foreign minister, ignored the inflammatory issue of Jerusalem and the settlements. He said Israel was being "subjected to undue pressure" and "verbal provocation" and called on Europe to bring "fair and due pressure" on the Palestinians to curb terror attacks. "Our willingness to achieve peace is beyond question and doubt," he said, claiming his government was fully implementing the interim Oslo accord on self-rule with the Palestinians.

Mr Fares Bouez, Lebanon's foreign minister, said "some countries considered themselves above the law" and that "the legitimate right to resist foreign occupation" was protected by international law. Israel has occupied portions of southern Lebanon since 1978 and last year bombarded Lebanon for 17 days in an onslaught against Hizbollah guerrillas that killed over 200 civilians.

While the Dutch presidency of the EU was trying to craft a conference communique acceptable to both sides, Arab delegations led by Syria were pushing for at least an oblique reference to the settlements. The Arab side wants reiteration of the Oslo accord's injunction to both sides to refrain from unilateral measures which change the status quo ahead of talks on the "final status" of Jerusalem, settlements, borders and refugees.

Israeli officials said they would not accept any such reference. "The Barcelona process is the place to discuss the Barcelona process, nothing else," one said.

But the opening of the two-day conference devoted little attention to the substance of this process, in spite of the growing unhappiness of several of the EU's Mediterranean partners. Egypt, for instance, is angry about curbs the EU wants to place on its farm and processed food exports. The Euro-Med programme offers signatories immediate access to Europe's single market for merchandise exports, and a total of Ecu4.7bn ($5.5bn) in grants and about Ecu4bn in soft loans in 1995-99, in return for the phasing in of free access for European goods by about 2010, but the EU is not willing to offer free access for agriculture.

Egypt's agreement has been held up by the tight quotas the EU wants on its fruit and vegetables, rice and cut flowers. Lebanon's agreement is also mired in a quota row over potatoes. The EU wants to extrapolate new quotas from a "traditional pattern of trade" dating from an earlier, 20-year-old series of accords, reached when its putative partners exported practically nothing.

Kabila's policies hard to pin down

Zaireans ask if the rebel leader is a democrat or dictator in the making. **Michela Wrong** reports

The French cultural centre in the Zairean town of Kisangani is packed. Seminary students, professors and civil servants jam the aisles, listening as three men sitting behind a star-studded blue flag lecture them on the conquest of power, civil liberties, the reasons for the failure of the 1964 revolution.

The event seems stuck in a time warp. The flag is the one used by the Congo after it won independence, but before it was rechristened Zaire. A chanted slogan pays tribute to Patrice Lumumba, Congo's first prime minister, assassinated in 1961. The pedantic tone, the stress on the need to "change people's mentalities", all have a decidedly Marxist flavour.

But if the seminar itself has a dated feel, the organisation running it is very much here and now. Since launching their uprising last October, the Alliance of Democratic Forces for the Liberation of Congo (AFDL) has stunned the world with the efficiency of its military onslaught.

Its battlefield campaign has given it control of the mineral-rich half of Zaire. But the 10-day seminars first staged in Goma and Kisangani and now being organised in Lubumbashi show Mr Laurent Kabila's ambitions go much further than mere territorial gain.

The former Maoist and acolyte of the murdered Lumumba wants to change the way people think. Hundreds of middle-class Zaireans, the new "cadres" created by these courses in political ideology, are fanning across occupied territory, spreading the word about what Mr Kabila describes as a "national democratic revolution".

Many Zaireans would argue that the indoctrination drive is necessary. During 32 years of rule by President Mobutu Sese Seko, corruption has infested every layer of society. It is time for Zaireans to stop, take stock of the depths to which they have sunk, and start again.

"For 30 years we have lived in a system where anti-values – theft and extortion – were our values. We were turned into animals by our brothers," says Dr Sitolo Yagi, an opposition activist named as the new governor of Kisangani.

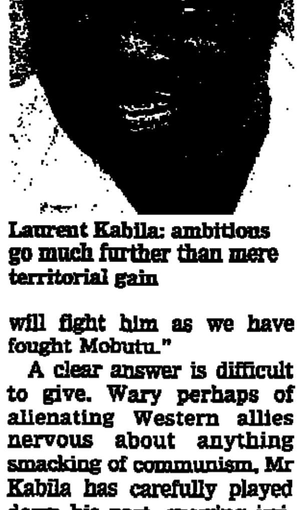
"Now we have to turn everything on its head. We are all virgins, blank pieces of paper. People have to think about their behaviour and how to change it before development can take place."

Others are less sure. They have seen similar re-education efforts before: the creation of Zaire's one-party state, the launch of "authenticity", when Zaireans were ordered to rediscover their African roots. They are cynical about another top-down attempt to tell a people who want little more than to be released from venal officialdom and army brutality how to run their lives.

"You don't have to indoctrinate people, just let them get on with their work," says Mr Jerry Selenke, the Catholic church's logistics officer in Kisangani.

Churchmen are not the only ones worried about what Mr Kabila is trying to do. In the half of the country still held by the government, Zaireans pester anyone who has visited rebel-held territory for their impressions of a man who remains an unknown quantity for most of them.

Repeatedly, the question is asked: is Mr Kabila a true democrat, or just another nascent dictator? "We get the impression that Kabila is very ambitious, that he is another Mobutu in the making," says a Kinshasa-based doctor. "If that is true, we will fight him as we have fought Mobutu."



Laurent Kabila: ambitions go much further than mere territorial gain

A clear answer is difficult to give. Wary perhaps of alienating Western allies nervous about anything smacking of communism, Mr Kabila has carefully played down his past, growing irritated when asked about his Maoist leanings.

His manifesto goes little further than a fierce anti-corruption platform, promises to hold elections after a one-year transition and the pledge to create an economy friendly to private enterprise which simultaneously shares the benefits of Zaire's huge riches with the people.

What comes after that – whether a federalist or centralist state, coalition or majority government – remains unclear, as does the planned future role for "the liberator" himself.

"Kabila says he is a Lumumbist. But Lumumba was a neophyte politician who died before he had time to govern properly. His only clear political philosophy was to fight for the unity of the country," says a Mobutu supporter. "We really don't know what Kabila stands for."

The avoidance of specifics has a lot to do with the nature of the rebel movement. This alliance of four parties of different ethnic hues and political traditions is united by one aim: the desire to oust Mr Mobutu.

Awareness of the fragility of the coalition, diplomats say, is the reason the AFDL has rejected all offers to share power with the regime, knowing that this would trigger destabilising squabbles over ministerial positions.

The lack of detail may also have another cause. The AFDL's lightning advance across the country has left it dangerously over-extended in terms of administrators and fighters.

The response has been to appoint members of the opposition Union for Democracy and Social Progress (UDPS) as its new regional governors in Haut-Zaire and East Kasai and recruit UDPS militants in captured towns.

While it can avoid being pinned down on particulars, the AFDL can tap the huge support enjoyed by Zaire's opposition parties. Spelling out a political programme that could clash with the UDPS's credo risks undermining that support.

Instead, the rebels are sending out conciliatory signals, watering down their criticisms of Mr Etienne Tshisekedi, the UDPS leader, assuring the opposition that a ban on parties will only be in force until power has been seized.

Above all, the nebulous nature of the AFDL's ideology may be a symptom of a movement that is still searching for its own identity.

Membership currently ranges from Tutsi fighters from east Zaire's Mulenge Hills to former Katangese soldiers, from veteran bush fighters to academics who recently returned from exile in South Africa, the US and Germany.

"We get the impression it is a very disparate movement, full of opportunists who have been living abroad and want to come back as ministers," says a Kinshasa-based politician. "Maybe we can't know what the AFDL stands for until it has worked that out for itself."

Zaire's opposition yesterday succeeded in shutting down Kinshasa's offices and businesses for the second day running but student plans to stage a "motorised march" in defiance of a government ban on demonstrations fell flat, writes Michela Wrong. Paramilitary troops set up roadblocks on roads leading to the university campus and diverted incoming traffic, making it difficult for students to commandeer passing cars and use them in the planned procession. "If the public doesn't want to spontaneously hand over their cars for the students to use, then there is very little we can do," said an opposition activist.

The second day of stoppage came as the rebel alliance of Mr Laurent Kabila was under growing international pressure to return to the negotiating table. Meanwhile Mr Aziz Pahad, South Africa's deputy foreign minister, told a parliamentary committee that Zaire could be on the brink of formal talks on a transition to democracy.

INTERNATIONAL NEWS DIGEST

Iran's German visit postponed

An Iranian business delegation yesterday postponed a visit to Germany planned for later this month following a chill in relations between the two countries after a Berlin court verdict linked the Tehran authorities to terrorism. The 26-strong delegation, made up of representatives from Iranian companies and business organisations, had been due to visit several German cities on the invitation of the federation of German chambers of industry and commerce (DIHT).

Count Philipp Walderdorff, head of protocol at the DIHT, said the postponement had been relayed by the Iranian embassy in Bonn. He emphasised that the visit had not been cancelled outright and that it would be made at a later date. Germany is Iran's biggest western trading partner. German exports to Iran in 1996 stood at just over DM2bn ($1.16bn), or less than 0.3 per of Germany's total exports. But Count Walderdorff said Iran had great "development potential and a need for things we can deliver". *Frederick Stüdemann, Berlin*

EBRD funds for Uzbekistan

The European Bank for Reconstruction and Development will contribute Ecu30m ($35m) to a new fund to invest in privatised companies in Uzbekistan, the EBRD said yesterday. The fund will be managed by a consortium of companies led by Dutch bank ABN Amro and including Turkey's Global Securities and Finland's Sitrans Oy.

The consortium will invest a further Ecu6m in the fund, which will be known as the ABN Amro Uzbekistan Post-Privatisation Fund. "Uzbekistan, with a wealth of natural resources and a well-established agricultural and light industry base, has traditionally focused on the supply of raw materials and unprocessed goods to neighbouring countries," said Mr Sven Hegstad, director of the EBRD's early equity team. *AP-DJ, London*

Mecca blaze kills 30

At least 30 Haj pilgrims, all believed to be Pakistanis, died yesterday in a blaze at a tent compound near the Islamic holy city of Mecca, Pakistan's ambassador to Saudi Arabia said. The official Saudi Press Agency said the fire started at at a bridge linking Mecca and Mena, and that heavy winds spread the blaze to Mena – site of the tent compound.

The fatal blaze is the latest tragedy to strike Moslems on pilgrimage to Mecca, their holiest shrine. Able-bodied Moslems are obliged to make the Haj at least once if they can afford it. The worst of recent Mecca tragedies was a stampede in the 1990 Haj in which 1,426 pilgrims were crushed to death in a tunnel. In 1994, 270 pilgrims were killed in a stampede at Mena. *Reuter, Riyadh*

Zambia halts move on press

The Zambian government yesterday postponed indefinitely proposed legislation to regulate the press, after public and diplomatic pressure. Scores of Zambian journalists staged angry protests at the weekend against the proposed law which aims to give government the power to bar journalists from working.

The government has been criticised for obstructing press freedom. At least one Zambian journalist has been jailed for contempt of court over an article he wrote criticising the government. Three journalists face court charges for articles they published on the government.

Western donors cut aid to Zambia last year after the government introduced constitutional changes barring some opposition parties from participating in last November's general election, won by President Frederick Chiluba. *Reuter, Lusaka*

End of global telecoms cartel closer

By Alan Cane

The end of the cartel through which telecommunications operators keep the cost of international calls artificially inflated moved closer this week following a big policy shift within the *International Telecommunication Union*, the industry's global co-ordinating body.

The ITU has in the past been accused of moving too slowly and ineffectually against the cartel – the "international accounting rate system". It has released a report which, for the first time, placed the organisation in the vanguard of those seeking dismemberment of the system.

The chief result of the end of the cartel should be a large fall in the cost of international calls. Some developing countries, however, which depend on telecoms payments for a significant proportion of their revenues, will have to find other ways of supporting their balance of payments.

The ITU report, again for the first time, sets a target settlement rate of 25 cents a minute. The accounting rate system, developed when international operators were chiefly national monopolies, allows operators to agree between themselves charges for delivering calls. The prices set, in many cases, are only sustainable because of the lack of competition.

Mr Pekka Tarjanne, ITU secretary general, said he agreed with the main thrust of the report: "There is an urgent need for action and I am prepared to do whatever I can to assist ITU members in making the transition to cost-oriented accounting and settlement rates."

The accounting rate system has been under attack from countries such as the US which have proposed unilateral action to drive down rates, and from "call back" and "internet telephony" operators who provide alternative routes.

The ITU report says the union should take the lead in creating new, co-operative relationships between national regulators, operators and multilateral institutions such as the World Bank and the World Trade Organisation to give countries most affected by lower call charges the support they need to adjust their economies.

US business hits at use of unilateral sanctions

By Robert Corzine in London and Nancy Dunne in Washington

The US business community will today hit back at the growing use by the US government of unilateral sanctions, especially against oil producing countries with which Washington has diplomatic disputes.

USA Engage, a broad coalition of over 400 US companies and the American subsidiaries of several foreign groups, says the use of unilateral sanctions against countries such as Iran, Libya and Cuba and their threatened use against Nigeria, Burma and Indonesia are having a big financial impact on the US economy, and have led to thousands of job losses among American workers.

The group will today release a study by the Institute of International Economics concluding that in 1995, unilateral sanctions cost between $15bn and $20bn and between 200,000 and 250,000 export-related jobs. This follows another study released last month by National Association of Manufacturers ,which found that the US had enacted 61 laws and executive actions over the past four years in an attempt to punish or change the behaviour of 35 countries. These had cost US companies up to $790m in potential exports.

The coalition, which includes consumer and financial service companies as well as oil and other natural resource groups, says it does not oppose the use of economic sanctions against wayward countries, as long as they are multilateral.

"We don't want to second guess the diplomats or set US foreign policy," said Mr Dan O'Flaherty of the National Foreign Trade Council in Washington, "but we want sober consideration of the objectives and costs of the unilateral sanctions programme."

Although the coalition includes a number of industries, the US oil industry has grown particularly worried in recent years that the growing use of unilateral sanctions will lock US companies out of opportunities in a number of important oil and gas producing areas.

In addition to unilateral restrictions on US involvement in the Iranian and Libyan oil industries, there are currently separate campaigns under way in the US to extend similar measures to Nigeria, Burma and Indonesia, all substantial petroleum producers.

Mr O'Flaherty said the coalition should not be viewed as an apologist for governments which overstep international norms. It would, for example, support multilateral measures against Iran, although its overall preference is for "broad engagement over the long term".

The US business lobby is carefully building momentum in a months-long campaign against unilateral sanctions. The initiative being launched today is backed by 428 companies, many represented through powerful lobbying groups such as the Business Roundtable, Chamber of Commerce, National Association of Manufacturers and the American Farm Bureau.

The effort is to "educate" the Congress, which in the view of the business community has forgotten the lessons learned in the cold war about the futility of imposing sanctions without strong multilateral support.

US acts to fill China-WTO post

By Guy de Jonquières in Washington and Frances Williams in Geneva

The US yesterday appointed a new negotiator to handle China's application to join the World Trade Organisation, after the surprise announcement that Washington's two top trade officials dealing with the talks were resigning.

The speed with which the US has moved to fill the post reflects the importance it attaches to China's WTO accession bid and its desire to avoid disrupting the negotiations, which are now entering a complex and delicate phase.

Mr Robert Cassidy, an assistant US trade representative responsible for Asia-Pacific affairs, is succeeding Mr Lee Sands, who has been dealing with Beijing's WTO application since last year. Mr Sands and his deputy, Ms Deborah Lehr, are resigning to move to the private sector.

Lee Sands: resigning with his deputy to move to the private sector

Mr Cassidy will take over the job immediately, even though Mr Sands and Ms Lehr are not due to leave the US trade representative's office until early summer. They will remain in their government jobs until then as advisers on China's WTO application.

"Our overall direction and approach to China's WTO accession talks will not be lost because two negotiators are quitting," a senior US official said. "Sure, it's a bump in the road, but it is not going to run us off the track."

Trade officials in Geneva played down the impact of the two departures, saying progress in the negotiations depended more on the US policy stance than a change in negotiators. However, they conceded that good personal chemistry between Mr Sands, an acknowledged "China hand", and his Chinese counterparts had contributed to easing the talks in recent months.

"It's inevitable that their departure will set things back a little bit, but one hopes not too much," said one official closely involved in the talks. "People can make quite a difference but obviously the policies behind the people are the critical factor."

The resignations of Mr Sands and Ms Lehr are said to be for personal and family reasons, not because of any disagreement over US policy. They are joining a Chicago law firm which recently recruited Mr Mickey Kantor, former commerce secretary and US trade representative, to advise companies seeking to expand in Asia.

A spokesman said yesterday that both officials had warned Ms Charlene Barshefsky, US trade representative, a year ago that they might be leaving, but that she had decided to keep them in their jobs until this week.

The changes in the US team coincide with efforts by Washington and Beijing to accelerate the negotiations on China's WTO entry, as part of a broader drive to improve bilateral relations.

"I don't believe the US position will change as a result," said a European negotiator. "There will have to be a 'getting to know you' period but it won't make a big difference to the accession timetable if the political will is there to conclude quickly."

The talks have continued for over 10 years.

Rise in disposable incomes likely to keep Asia-Pacific region at top of league

Strong growth in tourism forecast

By Scheherazade Daneshkhu, Leisure Industries Correspondent

The tourism industry will continue to grow strongly before dipping at the end of the decade as the world economy heads towards another downturn, according to Euromonitor, the market research consultancy.

International receipts from tourism amounted to $404bn last year, equivalent to 1.5 per cent of the world's gross national product, according to the report.

It also notes that the industry has performed well over the last six years despite the worldwide recession.

It expects receipts to grow steadily over the next four years at an annual average of more than 8 per cent to $560bn in the year 2000 at constant 1996 dollar prices. Receipts have grown erratically in the past four years at an annual average of 7 per cent.

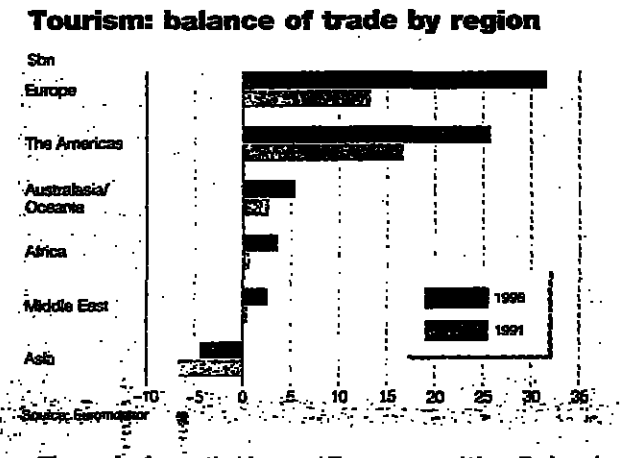
The Asia-Pacific region is expected to remain the fastest-growing region for tourism – much of it inter-regional – because of a rise in disposable incomes.

Greater political stability will lead to higher than average growth in the Middle East and South America.

Euromonitor expects the West European market to remain stable due to the increased leisure time of an ageing population, but emerging destinations in southern Europe, such as Turkey, are expected to experience strong growth.

Over 1991-1995, South Africa was the fastest growing individual market, accounting for one quarter of all tourism arrivals to Africa in 1995.

Tourism: balance of trade by region



The end of apartheid was the spur to a sharp rise in visitors from 1.7m in 1991 to 4.7m in 1995.

North and south-east Asia and the Middle East grew most quickly over the same period. Growth in outbound tourism, though strongest in Asia, is buoyant in eastern Europe, with Bulgaria and the Czech Republic recording sharp rises in departures over the past five years.

Europe still dominates the world in terms of arrivals and departures.

France had the highest number of arrivals last year with 62m, while Germany was the largest single outbound market with 79m departures.

Europe also accounts for much of the $64bn surplus in world tourism trade, with receipts exceeding expenditure by $31.4bn last year.

A high trade deficit in north-east Asia – including Japan and China – contributed to an overall loss of $4.6bn in Asia last year, although south-east Asia had a trade surplus of $13.1bn.

Air passengers are forecast to double over 20 years to 2bn, but Euromonitor warns growth will be hampered by a shortage of airports in western Europe and south-east Asia where congestion will remain a problem.

World Tourism 1997, Euromonitor, 60-61 Britton Street, London EC1M 5NA. 392 pages, £3,950 or $7,900.

WORLD TRADE NEWS DIGEST

US delays ban on EU meat

The US has delayed until April 30 a threatened ban on up to $300m worth of European meat and poultry exports due to go into effect yesterday.

The move came after both sides said considerable progress had been made towards both sides accepting the other's food inspection standards. Mr Paul Drazek, senior US agriculture official, said talks over the weekend had produced "several new proposals" and that EU officials would return to Washington at the end of the week "for further elaboration of those ideas".

On April 1, the 15-nation EU introduced new rules which block about $100m-worth of US exports to Europe. In response, the US threatened to remove European meat and poultry plants from its approved exporters list. This could block up to $300m worth of EU exports. Pork products from Denmark and ham from Italy would be among the casualties. Although the US claims there are a number of technicalities to be resolved, the dispute now centres on poultry inspection. *Nancy Dunne, Washington*

Russia 'must halt trade moves'

Russia's trading partners yesterday urged Moscow to pledge a freeze on new trade measures inconsistent with international fair trade rules while talks to join the World Trade Organisation are in progress. The standstill call, backed by the US, EU, Canada and Japan among others, came at a meeting of the WTO working party which is drafting Russia's entry terms to the world trade body. China made a standstill pledge last year in a bid to speed its longstanding membership application.

Trade diplomats believe a standstill pledge would demonstrate Moscow's commitment on swift progress in the WTO negotiations. Last month, the US and Russian leaders agreed to aim for Russian WTO entry next year, but the EU and others stressed yesterday Russia could only join on "commercially acceptable terms". Mr Georgy Gabuniya, Russia's vice-minister for external economic relations, said his government was working hard to speed trade and economic reforms. *Frances Williams, Geneva*

Romania mobile phone launch

Romania will have its first mobile telephone network, using the GSM system, as of May 1. It is being introduced by the MobiFon consortium, led by Telesystem International Wireless (TIW) of Canada and AirTouch, which also includes the Romanian Postal Service and the Romanian Investment Fund.

It is to begin operating in Bucharest and eight other Romanian cities. Initially covering 18 per cent of the population, the consortium plans to cover 65 per cent of the population by the end of the year and 80 per cent when the programme is completed. In June, a second consortium, Mobilrom, is to begin operations. This is a largely French concern led by France Telecom with 51 per cent and including Alcatel-Alsthom. Since November last year MobiFon has invested over $150m in Romania from an expected $500m. *Anatol Lieven, Budapest*

US prices ease market fears

By Gerard Baker in Washington

US consumer prices edged higher last month, but the rise was much smaller than financial markets had expected, and stock and bond prices rose sharply in response.

The consumer price index in March was a seasonally-adjusted 0.1 per cent higher than in the previous month, the Labor Department reported, a deceleration from a 0.3 per cent increase in February.

In the year to March, consumer prices rose 2.8 per cent, also down from a 3 per cent rate in February.

A steep fall in energy costs was the main reason for the weakness of prices last month. Overall energy prices fell 1.7 per cent last month, reflecting principally a 3.3 per cent decline in gas and electricity prices.

Excluding energy and the equally volatile food component, the so-called "core" index rose 0.2 per cent last month, unchanged from February.

The figures seemed to ease recent fears in financial markets that, after a long period of quiescence, inflation was at last picking up.

In the first three months of the year, the seasonally-adjusted core consumer price index rose at an annual rate of just 2.4 per cent. This was a slight decline from the rate of 2.6 per cent for 1996 as a whole.

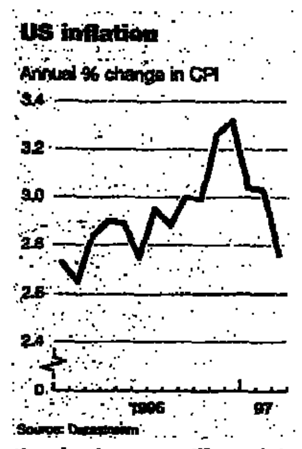
Bond and stock prices surged as investors concluded the data made it less likely that the Federal Reserve would raise short-term interest rates again next month.

But the figures do not, in fact, provide much of a clue as to what the Fed will do next. The consumer price index is a backward-looking indicator that gives few hints of inflationary pressures to come in the next few months.

The Fed is more likely to be concerned about last week's producer prices figures, which showed that the current exceptionally strong growth in the economy is pushing up prices in the production pipeline.

Other figures out yesterday from the Commerce Department showed a 1.4 per cent increase in total distributive trade sales and manufacturers' shipments in February from a month earlier.

Business stocks rose only slightly in the month, reducing the stocks-to-sales ratio to a very low 1.36, an indication businesses will need to increase their demand for manufactured goods within the next few months.



Republicans seized by inactivity despite controlling both houses

Party malaise in 'Do nothing Congress'

"Don't they know they won? Only I lost." That was the caustic verdict of Mr Bob Dole, the beaten Republican candidate for president in last year's elections, on the lacklustre performance of his fellow Republicans in the 105th Congress that convened in January.

Mr Dole was pointing up the curious malaise that seems to have infected the Republicans this year. The party was re-elected with majorities in both houses last November for the first time in seventy years. Republicans were widely expected to seize the opportunity to continue setting the agenda for domestic policy in President Bill Clinton's second term as they had done in the second half of his first term.


James McDougal: may spur Republican attacks on Clinton Reuter

Yet five months after the election, this Congress has won recognition only for a truly startling record of inactivity. No major new pieces of legislation with a serious chance of becoming law have come before the House or the Senate. None looks likely to do so soon.

Sen Tom Daschle, the sharp-witted leader of the Democrats in the Semate, poured scorn last week on his opponents' inactivity. "A turtle moves at a faster pace than these Republicans," he said. "And turtles stick their necks out further."

Mr Richard Gephardt, the Democrats' leader in the House, recalled President Harry S.Truman's taunt against a similar Republican-controlled congress half a century ago, labelling this one also the "Do Nothing" congress.

Mr Gephardt, a likely contender for the Democratic presidential nomination in 2000, issued a list of the "achievements" so far. It revealed that there had been only 61 roll-call votes in the House in the current session, compared with 271 in the same period in 1995, and 123 in 1993.

Of the 61, 11 were on a plan to impose term limits on members – which failed to pass. Among the handful of votes in either house that have been successful were a resolution in the Senate to authorise the minting of coins honouring Frank Sinatra and another congratulating the football team of the University of Florida.

The inactivity has troubled Republicans too. Sen Dan Coats of Indiana said last week of his own party, "There's a lot of confusion and a lack of real definition . . . it's deeply disappointing."

What explains this inertia so soon after an election, a time when legislators are usually brimming with bold new plans?

An obsession with scandals has been part of the problem. Since November, the principal subject of debate in Washington has been alleged campaign fund irregularities by President Clinton and his party.

Continued rumblings about Mr Clinton's role in the Whitewater affair have provided further distractions for many congressional Republicans dreaming of impeachment.

The announcement on Monday that Mr James McDougal, a former partner of the president in the Arkansas property development who was sentenced to three years in jail for fraud, had given prosecutors, a "fuller, broader, deeper, understanding" of the evidence in the case, will intensify the efforts of Republicans to weaken the president.

Another critical factor has been an absence of strong leadership. Mr Newt Gingrich, Speaker of the House and fiery standard-bearer of the Republicans in the previous congress, has been under constant attack from his own side for apparently retreating from some of the central tenets of modern conservatism.

But there is a much broader malaise within the party. Republicans over-zealously interpreted their sweeping victory in 1994 as a mandate for revolution. They quickly discovered that voters were not so enthusiastic about dismantling the state. The growing unpopularity of the "Contract with America" was held responsible by many for the political recovery of Mr Clinton that resulted in his re-election.

The searing experience of 1995-96 for the Republicans had another important effect which has been critical in explaining their inactivity this year. While they took the initiative in the earlier period, they also took the bulk of the political risks. Their over-enthusiasm for reform allowed President Clinton the chance to bide his time, waiting for his opponents to make mistakes, and expertly shooting them down when they did.

When they returned last November the Republican leaders determined not to repeat the mistake. Instead they vowed to leave President Clinton and his administration to take the initiative in proposing legislative change let the president have "first bat" as Mr Trent Lott, the party's Senate leader, put it at the time.

The trouble has been that the administration has not shown much appetite for action either. That partly reflects the president's own concerns over the continuing scandals. But it is also a product of the near absence of a serious agenda for action in his re-election campaign last year. Last week White House officials were promising the president would take up the challenge presented by an inactive congress and come up with some of his own proposals for action. But there is little hard evidence that anything groundbreaking is planned.

In the meantime, the "Do-Nothing" Congress sits and scowls at what is already beginning to look like a "lame duck" president. It is hardly surprising there seems to be little going on in Washington.

Gerard Baker

Cavallo in drive to oust an old ally

By Ken Warn and Jimmy Burns in Buenos Aires

Mr Domingo Cavallo, Argentina's former economy minister, will today officially launch his campaign to win a seat in congress in this October's mid-term elections. Mr Cavallo, who was sacked by President Carlos Menem last July, is seeking to forge a new political alliance to back continued economic reform and tackle corruption.

"Argentina is tired of Menem. His style of government is an anachronism," said Mr Cavallo in an interview with the Financial Times. "He provided leadership for the country's economic transformation, but there are many areas in which he has not been active."

In August 1995 Mr Cavallo launched a fierce attack in congress on links between government and organised crime. Since his departure from office, he has kept up a barrage of criticism.

He has been particularly critical of the ground rules set for the forthcoming privatisations of the country's postal system and airports, which he claims have been drafted to entrench the monopoly position of the entrepreneur Mr Alfredo Yabrán.

Mr Cavallo accuses Mr Yabran of secretly controlling a network of companies that dominates Argentina's private postal services and runs duty-free shops and other services at the country's airports. Mr Yabran emphatically denies the accusations, and took out full page press advertisements last week to brand them as "lies".

Mr Cavallo defended his period in government, during which he had been gradually compiling evidence of corruption. He said he decided to go public because he became convinced of widespread mafia activity, with links to the executive, legislature and judiciary. He wanted to lead a "pre-emptive strike".

"In two or three years we would have been facing systemic corruption of our institutions and agencies, like in Mexico."

A Harvard educated economist, Mr Cavallo was appointed governor of the Argentine central bank by the military government during the transition to democratic rule following the Falklands War. He also served as foreign minister under President Menem and was credited with improving Argentina's relations with Europe and the US.

Mr Cavallo said he did not feel that his outspoken comments risked undermining investor confidence in Argentina. They reflected a wish to strengthen a democratic system in which economic policy could be applied more efficiently.

"In Argentina it may be that there are some people who have been corrupted by the mafias, but there are many who have not. We have institutions that are working and are able to tackle these problems."

Since breaking with the ruling Peronist party, Mr Cavallo has been actively lobbying the business community and seeking to forge ties with smaller parties, political independents and Peronist dissidents. However, some observers doubt that he will be able to create a powerful political alliance. "Cavallo could well be elected as a deputy for Buenos Aires, but I do not see him creating a viable opposition party," said Mr Rosendo Fraga, a political analyst.

Mr Cavallo did not rule out a run at the presidency in 1999, depending on the outcome of the mid-term race, in which the Peronists are battling to keep control of congress.

Vietnam's top private company driven to seek help from state

By Jeremy Grant in Hanoi

Vietnam's most prominent private company, founded as the country's economic reforms took off, has appealed for a financial lifeline from the communist authorities to head off a looming cash crunch.

An official at Huy Hoang, based in Ho Chi Minh City, said the company was awaiting government approval for a scheme under which "four or five" state-owned companies would buy a 30 per cent stake in it.

The move highlights the fragility of the private sector in a communist country where the political instinct is increasingly to exercise control over it.

But it also reflects increasing signs that private companies, many of which rely on high-level political patronage for their survival, are becoming vulnerable to possible sweeping changes in the political leadership in Hanoi.

Huy Hoang, founded in 1989 as a garment maker, quickly built a reputation among foreign observers as a model product of the country's *doi moi* reforms.

Dublin-listed Vietnam Fund extended it a $3.9m (£2.4m) convertible loan and it is the only Vietnamese private company to have received funds from the International Finance Corporation, the World Bank affiliate.

Its founder and boss, Le Van Kiem, is typical of a new breed of businessmen in Vietnam, having communist party membership, an eye for business opportunities and a fleet of Mercedes-Benz cars. He also owns Vietnam's first Rolls-Royce.

However Huy Hoang is understood to have run into trouble after diversifying too fast from its core business into ceramics, construction and prestige projects – such as an elaborate flyover planned for Ho Chi Minh City.

Local press reports have said that although turnover last year doubled to $14.8m, Huy Hoang still lost money. Net profit figures are not available in Vietnam.

Operating outside the state sector presents businessmen with an array of obstacles. The most serious barrier is discriminatory treatment, often by restricting access to credit, that is rooted in Communist party distaste for private enterprise.

Cultivating high-level political contacts is thus essential, providing insurance against threats from competing state enterprises and meddlesome bureaucrats.

Such arrangements, known by the Vietnamese word *maphia*, cast doubt on whether such companies can accurately be called private. "The reality is it's very controlled," said a Ho Chi Minh City-based fund manager. "When you start getting multi-million dollar turnover, you start getting problems."

Ironically, Huy Hoang's troubles play into the hands of the party.

One of its key economic policies, spelled out at last year's landmark congress, is to encourage joint ventures between the state sector and "local private capitalists", precisely the move contemplated by Huy Hoang.

Western economists see this is one way the party has some control over the private sector's direction while ensuring a stake in its success.

Others say that Huy Hoang's problems stem from the fading political power of its current patrons in Hanoi. It hopes that by finding new ones, it will avoid implication in a string of recent high-profile arrests and trials that have rocked Vietnam's financial sector.

A Vietnamese commentator said: "They need the 'trademark' of a state company. That way, it'll be easier for them to avoid arrests. But I think it is too late."

China advance guard set to slip into HK

By Louise Lucas in Hong Kong

Troops of China's People's Liberation Army (PLA) will start crossing the border into Hong Kong from next Monday. The British colony reverts to Beijing's sovereignty on July 1.

The pioneering advance party will be 40-strong and unarmed. It is unknown whether or not they will make their trip in military uniform – as Major John Herring of the British garrison points out, "there's no precedent for this" – but rules on their stay stipulate that uniforms will only be worn within barracks.

Nor will officers and soldiers enjoy any special legal status or privileges, and there will be no display of China or PLA flags.

It is now expected that the total number of Chinese army personnel stationed in Hong Kong before July 1 will be around 200. The work of the advance party is expected to include meetings, both with the departing British garrison and Hong Kong government, as well as visiting the sites to be taken over and co-ordination of communications support.

While the arrival of troops on Monday marks the first time Chinese soldiers will be based in Hong Kong, the PLA is no stranger to the territory, having connections with a number of listed companies as well as investments in property.

British soldiers have been withdrawing from the territory since 1994. Today the garrison has been depleted to around 1,600 from 9,000. All the rest will depart by midnight on June 30 or – for those involved in handover ceremonies – shortly afterwards, by sea or by air.

The preliminary agreement on PLA advance personnel, with both sides pledging helpful liaison, is in sharp contrast to the row that has broken out over residency rights.

The two sides have reached agreement on the substantive details of how returning emigrants and others can retain right of abode in Hong Kong after the transition, but China has soured that accord by insisting it complete legislation before July 1, using the Provisional Legislature.

Britain says this will bedevil the new government with a flurry of litigation and could paralyse the immigration system after June 30.

So far as the present Hong Kong government is concerned, the Provisional Legislature, selected by a China-appointed college, has no constitutional basis before the handover. But, following a statement at the weekend from China detailing the policy on residency rights, both Beijing and the incoming administration insisted laws be passed before the handover and by the Provisional Legislature.

Military tries to keep power base

Jeremy Grant on a political comeback that may herald a restart of the stalled reform programme

When Vietnam's President Le Duc Anh shuffled unsteadily to the podium at the opening of the current National Assembly session last week, diplomats were stunned. Most had written off the 76-year-old former general as a spent force after he suffered what was believed to be a serious stroke last November.

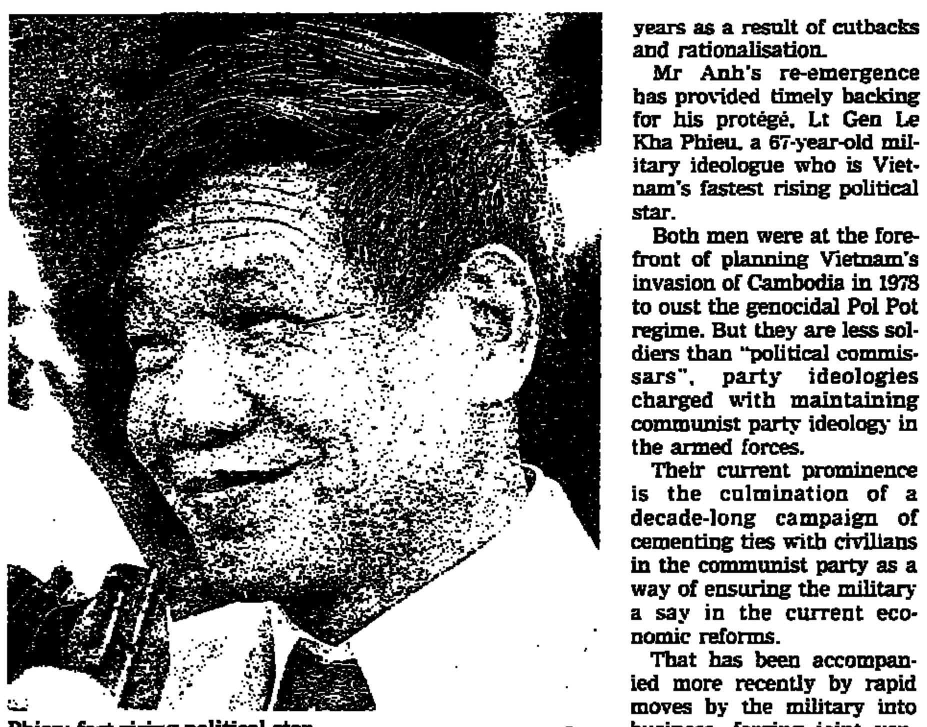
But, thanks to medical treatment by a crack team of Chinese doctors – believed to be the same specialists retained by Mr Jiang Zemin, the Chinese president – Mr Anh managed a robust political comeback.

His return signals the re-emergence of a leadership succession question, shelved at last year's communist party conclave after the main players could not reach consensus on their heirs.

It has done so not a moment too soon: Vietnam's reform process has been stalled since that party meeting. Foreign investors talk of glacial progress on key infrastructure projects that require legal and financial guarantees from the government before they can go ahead. Decision-making in the bureaucracy has all but ground to a halt.

Diplomats note intense manoeuvring between reformists, conservatives and military figures for a say in who should replace the current troika of Mr Do Muoi, the 80-year-old general secretary, Mr Vo Van Kiet, reformist prime minister, aged 74, and Mr Anh.

That is reflected in a series of business scandals in Ho Chi Minh City at companies allegedly influenced by some of the key players at the apex of power. The latest was Huy Hoang, a prominent private-sector garment business that has run into financial trouble.



Phieu: fast-rising political star — Reuter

However, Mr Anh's return to the limelight has far greater significance: it marks a victory for the Vietnamese military in a long campaign to occupy the political centre stage.

That is expected to come to a head this summer, when top party and government jobs will be decided, before the next National Assembly meeting in September.

Ever since the end of the Cambodian conflict and China's border war with Vietnam in 1979, the military has been stripped of purpose and budget, the poorer partner on Vietnam's civilian economic reforms.

"The military is not entirely happy with the way reform has gone. One, they're not the direct beneficiaries of the free market. Second, their budget has been cut," said Mr Carlyle Thayer, head of politics at the Australian Defence Force Academy in Canberra.

Vietnam's one-proud army, victor against French colonialists and the US, has seen its ranks thinned to about 400,000 in the last five years as a result of cutbacks and rationalisation.

Mr Anh's re-emergence has provided timely backing for his protégé, Lt Gen Le Kha Phieu, a 67-year-old military ideologue who is Vietnam's fastest rising political star.

Both men were at the forefront of planning Vietnam's invasion of Cambodia in 1978 to oust the genocidal Pol Pot regime. But they are less soldiers than "political commissars", party ideologies charged with maintaining communist party ideology in the armed forces.

Their current prominence is the culmination of a decade-long campaign of cementing ties with civilians in the communist party as a way of ensuring the military a say in the current economic reforms.

That has been accompanied more recently by rapid moves by the military into business, forging joint ventures with foreign companies and employing de-mobbed soldiers in military businesses.

Gen Phieu is tipped to replace Mr Muoi as general secretary, and is believed to have his blessing. But until this year, he was an obscure figure. Few diplomats and journalists could pick him out in a line-up of top party officials at last year's party congress.

However, this year has seen him burst on the political scene with frequent appearances in the local media and unprecedented chat with foreign journalists in the garden of the National Assembly hall last week.

Suits and ties have replaced military uniform as part of a transformation that signals nothing less than a political campaign for the top job in the country, diplomats say.

As one of five people in the "inner core" of the 18-member politburo – known as the Standing Committee – he wields significant control over the leadership's agenda.

His rapid rise, and conservative stance on issues such as foreign investment and the perceived threat from "hostile forces" abroad, has led to some nervousness among observers. They fear his rise threatens to break the political mould of careful consensus between reformists and conservatives that has underpinned Vietnam's political stability for decades.

In addition, the military's bid for a greater say in the direction of Vietnam's reforms may not meet with much resistance from the country's 77m population and may even be popular.

"They have an undisputed legitimacy coming from two resistance wars," says one eastern European diplomat. "They're looking at Thailand, where the military has legitimate power."

But others play down such fears. They say that once the military has achieved the voice it hopes for on the civilian political process, it will be content to sanction further economic reforms, as long as its business interests are satisfied.

"It's the military ensuring what it considers to be its fair share. They couldn't move to assert total control, even if they wanted to," said Mr Thayer.

Tokyo to act over nuclear accident

By Gwen Robinson in Tokyo

The Japanese government is to ask Tokyo prosecutors to file criminal charges against executives of the state-run nuclear company, which last week confessed to mismanaging emergency procedures and falsifying information about an explosion at a nuclear reprocessing plant.

The case could lead to jail terms and fines for at least six officials identified as taking part in the cover-up. More significantly, it is bound to fuel growing public opposition to the government's ambitious nuclear programme and could force an overhaul of nuclear energy policy.

Japan derives about a third of its power needs from nuclear reactors, but the government plans to increase that to at least 40 per cent by 2010.

The accident at the plant, 160km north-east of Tokyo, exposed 37 workers to low level radiation and released radioactive gas into the atmosphere on March 11.

Officials of the Power Reactor and Nuclear Fuel Development Corporation, known as Donen, later admitted they had lied in an official report on a fire and subsequent explosion at the plant.

The report claimed Donen staff confirmed the fire was extinguished. In reality, no such checks were made and the fire subsequently triggered the explosion.

Donen officials have since confessed that those involved agreed to keep silent about falsifying the report.

It is the second time Donen has been accused. In December 1995, Donen officials admitted they lied about inspections and hid videotapes of a huge leak of sodium coolant at an experimental fast-breeder reactor, known as Monju.

A citizens' group filed charges against Donen over the incident and the case is still pending. The government, however, took no legal action against the officials responsible.

This time, the Science and Technology Agency, responsible for nuclear energy policy and related government organisations, has led criticism of Donen. The agency's action was yesterday endorsed by Mr Ryutaro Hashimoto, prime minister.

Asked to comment on the unusual nature of a government agency taking legal action against its own affiliate, Mr Hashimoto said: "What do you mean by unusual? It's unusual enough to lie about an incident like this".

ASIA-PACIFIC NEWS DIGEST

Dutch fear loss of China trade

Dutch business says it would lose between Fl 1.5bn and Fl 2bn ($774m-$1bn) in deals with China after Beijing yesterday indefinitely postponed a trade mission. This followed a move by Mr Hans van Mierlo, foreign minister, to lend the country's weight as holder of the European Union presidency to a resolution criticising China at the United Nations Human Rights Commission in Geneva.

The June visit, the most important for five years, was to have been headed by Mr Hans Wijers, economy minister, and Mr Hans Blankert, chairman of the VNO-NCW, the Netherlands' main employers' federation. Demanding discussions with The Hague government on future handling of sensitive bilateral issues, Mr Blankert said: "The result is unnecessary loss of prestige and damage for the Dutch business community."

China has warned countries sponsoring the human rights resolution, which was due to be debated in Geneva last night, that relations would be affected. Yesterday it told Denmark – motive force behind the proposal backed by the US and 12 other countries – that it would "delay important exchanges of officials that are under discussion and halt exchanges and co-operation" with Copenhagen on human rights. *Gordon Cramb, Amsterdam*

Opposition protest in Jakarta

Thousands of protesters demonstrated outside Indonesia's parliament in Jakarta yesterday, demanding that Ms Megawati Sukarnoputri, *left*, the ousted pro-democracy leader, be allowed to take part in the general elections scheduled for the end of next month. Between 2,000 and 4,000 supporters demonstrated peacefully as police with rattan sticks and bamboo shields blocked the gates to parliament in the first big show of strength by Ms Megawati's supporters since anti-government riots rocked Jakarta last July.

The protesters dispersed later in the day, but political observers say Ms Megawati's reinstatement as leader of the Indonesian Democratic party (PDI) is fast becoming a test of the elections' legitimacy.

Ms Megawati, who headed the PDI until being replaced by a government-backed candidate last year, has been barred from the elections and has lost all court attempts to win reinstatement. "If Megawati cannot take part, then the election is both democratically and legally flawed," a protester said yesterday. *Manuela Saragosa, Jakarta*

Nomura chief faces grilling

The former president of Nomura Securities, Mr Hideo Sakamaki, will appear before two parliamentary committees on Friday and next week to answer questions about the company's illegal trading activities and links to corporate racketeers. Financial authorities started investigation in early March into Nomura's suspected links with gangsters associated with a real estate company, Kojin Building. Late last week the probe was extended to all Japan's big four securities houses. Nomura's investment banking and stock and bond trading business has plunged, as an increasing number of large companies have excluded it from underwriting syndicates for bond issues. *Gwen Robinson, Tokyo*

New Zealand prices fall

New Zealand's consumer prices fell by 0.3 per cent in the first quarter of this year, the biggest drop recorded in the country's inflation indices in 36 years. The Reserve Bank and private forecasters had predicted modest rises. The news led to modest falls in both short- and long-term interest rates and in the NZ dollar. The trade weighted index fell by 0.30 points to 68.52.

The market appeared to judge that in spite of low inflation prospects this year the Reserve Bank will continue to maintain a tight monetary policy. The Reserve Bank is believed to be looking ahead to next year when it thinks there could be a resurgence of inflation as a result of planned increases in government spending and prospects of tax cuts. *Terry Hall, Wellington*

UF and Congress near to compromise

By Mark Nicholson in New Delhi

Prospects of India avoiding fresh elections seem to have brightened with the United Front and the Congress party appearing closer to a compromise.

Senior Congress leaders agreed late on Monday the party would restore political support for the UF, thus enabling the 13-party coalition to stay in power, if the UF agreed to replace Mr H.D. Deve Gowda as its leader. Mr Gowda, whose government was defeated in a confidence vote on Friday, has told UF colleagues he would stand down if the Front's steering committee decided to take up the Congress offer.

The UF committee is expected to decide on the issue at a meeting tomorrow but has also scheduled a meeting of MPs on April 20, at which a new party leader could be elected. Regional and other leaders within the UF have said they believe the leadership issue can be resolved. However, the Communist party (Marxist), India's main communist party and an influential member of the UF steering committee, was undecided yesterday as to whether to support Mr Gowda's resignation.

UF officials said there remained the difficulty of finding a successor to Mr Gowda, acceptable both within the UF and to Congress. They said front-runners were Mr G.K. Moopenar, leader of the Tamil Maanila Congress, a regional Tamil Nadu party formed by breakaway Congress MPs before last May's elections, and Mr I.K. Gujral, foreign minister in the UF government.

The UF officials said they would also require a formal undertaking of support from Congress before reaching any deal, adding that Congress must also retract the letter sent on March 30 to the president seeking itself to form a government.

Several Congress leaders yesterday said they believed all the steps were now in place to reach a solution before parliament reconvenes on April 21.

"The political crisis has ended," said Mr Ved Prakash, a Congress spokesman, though he added that a solution would depend on the selection of a "suitable" UF leader. "They know why the previous leader failed," he said. "They should look deep into their house and find an efficient leader."

US to increase famine relief to N Korea

By Bruce Clark in Washington

US officials yesterday promised to provide North Korea with additional famine relief as hopes increased that ground-breaking talks on the peninsula's future would start soon.

The US food aid package was understood to be worth $15m and will bring to more than $33.5m the amount of humanitarian assistance that Washington has provided Pyongyang since 1995.

The North Korean regime, whose possible collapse is one the US administration's main security concerns, is expected to inform the US and South Korea today that it will join them and China for talks on a settlement in the peninsula. The talks were suggested by the US and South Korea a year ago.

Washington has made clear it will not provide North Korea with large-scale assistance to ease the famine as long as the Pyongyang regime continue to spend heavily on its armed forces, estimated at 1.3m.

Military manoeuvres in North Korea have been intensifying recently, causing alarm in the US Pentagon. One theory is that the regime might be preparing to put down internal dissent caused by the food shortages.

Mr William Cohen, US defence secretary, said after his recent visit to the peninsula that the situation there could explode at any time. While it would be irrational and suicidal for North Korea to launch a devastating assault on the south, nobody could be sure it would behave rationally, he added.

Mr Michael McCurry, White House spokesman, said yesterday his administration shared Japan's concern about North Korea's ballistic missile programme. But he insisted the matter was too sensitive to comment on in detail: "The status of knowledge I might have is heavily restricted in its public availability."

A US Congressional delegation that visited North Korea recently said the administration should ease curbs on commercial food sales to that country, while insisting on some change in Pyongyang's military posture.

Names fear insurance market wants to drive them out in favour of corporate funds

Lloyd's to raise minimum capital demand

By Christopher Adams, Insurance Correspondent

Lloyd's of London will suggest shortly that Names substantially increase the minimum amount of capital they have to hold at the insurance market to support their underwriting activities.

The move, aimed at strengthening the financial security of Lloyd's, may provoke protests from Names, the individuals whose assets have traditionally backed the market.

Many Names will see the move as an attempt to drive them out of Lloyd's in favour of the new breed of corporate investors. "They may see it as a move to force them out of the market," said a source close to the ruling council.

At present most Names hold funds at Lloyd's representing 20-30 per cent of the total business they can back, compared with a minimum of 50 per cent for the new-style corporate investors.

Lloyd's will propose shortly that Names increase their funds held in the market to at least 32.5 per cent next year and 37.5 per cent the year after as part of a system which would require all investors - individual and corporate - to show evidence of assets totalling 50 per cent of premiums they support. For Names, other personal wealth will make up the balance to 40 per cent in 1998 and 50 per cent in 1999.

In addition to the new minimum capital requirements, Lloyd's is also likely to recommend that Names no longer use their own homes to support the guarantees from banks which often comprise funds at Lloyd's.

The minimum means for new investors entering Lloyd's will probably be increased from £250,000 ($405,000) to £350,000, and an entry fee may be levied in the future.

Lloyd's is determined to see through changes which it hopes will help restore its credibility and so regain business lost to other global insurance centres during a disastrous period from 1988-92 when it lost more than £8bn. Names (who traditionally have unlimited liability) were severely tested during that time.

Names who traded on and met their losses may be unhappy about the proposed changes. They have complained that the new Lloyd's undervalues their contribution to the market. They are likely to press for a longer transition period to the new system.

Corporate capital has rapidly increased its presence at Lloyd's over the last three years to support 44 per cent of the premiums it can write.

Under efforts to limit excessive growth in capacity at the insurance market, which partly led to the losses of previous years, Lloyd's may also back proposals that investors increase the level of capital they provide during periods when underwriters might write less profitable business.

■ DISCORD AMONG NATIONALISTS SET TO SPLIT ANTI-BRITISH VOTE

Boundary changes in *Northern Ireland's West* Belfast district may help Gerry Adams, the president of Sinn Féin, to win the seat again. He was ousted by a narrow majority in the 1992 general election by Dr Joe Hendron, a local doctor who at the age of 64 is again standing for the moderate nationalist Social Democrat and Labour party.

Dr Hendron is a fierce opponent of both "loyalist" and IRA violence in a district of the Northern Ireland capital which has *some of the region's most* entrenched Protestant "loyalist" and Roman Catholic republican streets.

The rivalry of Dr Hendron and Mr Adams, who held the seat in the 1980s, highlights the failure of the nationalist parties to agree a common front to avoid splitting the anti-British vote. The position is made even more *conspicuous by the decision* of the two main pro-British "unionist" parties to put up only one candidate in West Belfast. Mr Adams said on Monday that nationalists could win up to eight of the Northern Ireland seats in the House of Commons if the SDLP made an electoral pact with Sinn Féin.

He said it would be a *disgrace if the rivalry* among nationalists led to pro-British candidates winning in districts where there was a clear *nationalist majority among* voters. But the SDLP is confident that the strong support given to Sinn Féin in last year's election to the Northern Ireland Forum had evaporated because the IRA had since increased its level of violence instead of ordering a new ceasefire among what it calls its "active service units".

DR JOE HENDRON

GERRY ADAMS

Labour's policies dissected in Ireland

Blair's party is expected to win, but the prospect is viewed with mixed emotions

The general election campaign

Politicians in the Republic of Ireland are preparing for the first Labour government in the UK for 18 years. The contest is generating unusual interest in the only country with a land border with the UK.

The Labour team, led by Mr Tony Blair, is well known in Dublin, the republic's capital, particularly among the country's own Labour party. Mr Ruairi Quinn, the Irish finance minister, enjoys close ties with Mr Gordon Brown, the British Labour party's chief finance spokesman.

The government in Dublin anticipates that the US administration may have a better rapport with an incoming Labour government than it did with the Conservatives and these factors could nurture movement on the tangled issue of the constitutional future of Northern Ireland.

Mr Blair's party is expected in Dublin to be more reformist in its social and economic policy north of the border, as well as on the civil rights agenda – essential to win over moderate nationalists and undermine the cause of the gunmen.

Mr John Major, the British prime minister, retains something close to affection among many Irish people because of his efforts in the peace process. But his party, traditionally an ally of pro-British "unionist" politicians in Northern Ireland, is seen to have become increasingly pro-unionist and increasingly sceptical on the wider issue of the European Union.

"There is the frustration that the British have simply been marking time, where policy has stumbled and degenerated as the Tory majority has dwindled," says Mr Joe Costello, Labour member for central Dublin in the Dáil, the lower house of the Irish parliament.

But many Irish deputies also recall what they feel was the indifferent record of past British Labour governments on Northern Ireland. As a result, reservations about the prospects of a Blair administration persist. "But this is not the Labour party of Callaghan and Wilson [British Labour premiers of the 1960s and 1970s]; we realise that," said a minister.

Ms Mo Mowlam, Labour's chief shadow minister for Northern Ireland, has made an impression. "I think being a woman, she might be able to get more out of the male-dominated Northern Ireland political scene than her predecessors," said a senior adviser to Mr John Bruton, the Irish prime minister.

Her comment last month that there was a "high possibility" that Sinn Féin could join the adjourned talks on the future of Northern Ireland in June if the Irish Republican Army immediately restored its ceasefire and honoured it "by word and deed" seemed to mark a significant departure from the hard line adopted by the Major government.

Her remarks were noted By Senator Edward Kennedy in a recent article in the Irish Times newspaper. "Sinn Féin has often indicated that the key to restoring the ceasefire is the assurance of a date of entry into talks for Sinn Féin," he wrote. "Dr Mowlam's statement gives the assurance, which is rightly qualified . . ."

Much will depend on the reaction of the IRA to the arrival of a Labour government in London. be

The Dublin government is now scrutinising Mr Blair's every utterance. There was considerable dismay when he was attacked by Scottish nationalists recently for comparing the tax raising powers of a possible future Scottish parliament with those of an English parish council. Attitudes to Scotland among English politicians are seen as a litmus test for what might be achievable in Northern Ireland.

Labour's policy on the single European currency is also being examined closely in the Republic of Ireland, in light of its 30 per cent trade dependence on the UK. The Irish have long made a working assumption that the UK will not be present in the first wave.

With a decisive Labour victory, it was assumed this might usher in a more pro-European stance and "trigger a sea change in public opinion".

The government in Dublin was thus taken aback at recent reports that the British Labour party was ruling out entry to the single currency in the lifetime of the next parliament.

But the Irish government's worst nightmare is a narrow Labour victory in the British election, which could leave the new government dependent on support from small parties in the House of Commons, perhaps including the anti-nationalist "unionist" parties from Northern Ireland.

John Murray Brown

Britain leads in productivity growth, says OECD

By Peter Marsh in London

Several UK manufacturing industries including cars, aircraft, chemicals and oil refining have emerged as international leaders in productivity growth since the late 1980s, according to unpublished Organisation for Economic Co-operation and Development figures.

The data support evidence of improved performance in much of UK manufacturing in recent years, some of it because of new management methods to improve quality and encourage teamwork.

Between 1987 and 1993, productivity in four broad industrial sectors rose more than in comparable parts of the economies of the US, Japan, France and Germany, says a study by Mr Dirk Pilat, an OECD economist.

Among the sectors were: chemicals, which includes oil refining and plastics; transport equipment, mainly cars and aircraft; paper and printing; and miscellaneous manufacturing related to scientific instruments.

Britain was joint equal with Japan in productivity growth in non-metallic mineral products, which are mainly items such as ceramic dinner plates and glass products.

In basic metal products, mainly iron and steel, Britain was second in the productivity growth league to Germany.

Across all manufacturing, Britain's productivity growth from 1987 to 1993 was second only to Japan. France was third, followed by Germany and the US.

Even though the figures will be welcomed by UK manufacturers, in absolute terms on productivity they indicate only a narrowing of the gap with competitor nations.

Because UK manufacturing output per person has historically been low, in 1987 UK manufacturing productivity was 40.6 per cent less than that of the US, then absolute productivity leader of the five nations studied.

By 1993, even with its better performance, UK productivity was 35.9 per cent behind the US, which remained leader despite its relatively poor showing in the previous six years. In 1993, as in 1987, Japan, Germany and France were ahead of the UK on productivity.

UK chemicals productivity, as measured by value added per hour worked, rose 65.1 per cent between 1987 and 1993. Japan was next in the table with 21.7 per cent.

In transport equipment – where Britain's performance relates to the new manufacturing ideas of Japanese vehicle factories set up since the mid-1980s – UK productivity rose 29 per cent over the period, followed by Germany with 16.4 per cent.

Premier sanctions party dissent on EU

By Robert Peston, Political Editor

Mr John Major, the prime minister, yesterday appeared to give his tacit blessing to national election candidates from the governing Conservative party who come out against the government's policy on European monetary union.

Party officials distributed the personal election address of an influential backbencher, or rank-and-file member of parliament, who is opposing the proposed European single currency.

After it emerged that more than 160 Conservative candidates are signalling their intention to oppose a single currency, Sir Marcus Fox, Conservative candidate for the Shipley district in Northern England, wrote that he could not "envisage any circumstances in which I could vote for the abolition of the pound".

His statement, which is in clear breach of the government's policy of retaining an option to participate in monetary union, was distributed by a Conservative Central Office official.

It is significant because Sir Marcus was - until the dissolution of parliament earlier this month - chairman of the 1922 committee, which represents Conservative backbench MPs. The official's explanation for handing out the apparently disloyal leaflet to journalists was that "we want all the bad news out in one go".

However, earlier in the day a senior cabinet minister at the heart of Mr Major's campaign said a decision had been taken to make a virtue out of the backbench rebellion on Europe. "The point is that it is now perfectly clear that there is not the remotest chance of a Tory government going into a single currency" he said. "That accords with the mood of the country and we would therefore be extremely foolish to criticise anyone opposing the official position".

Mr Major is however still doing his best to deter any minister from breaking ranks on monetary union, because any breach of the convention of collective responsibility would be ruthlessly exploited by Labour as a sign of weak leadership.

In the face of pressure from Mr Major, two leading ministers who oppose a single currency have belatedly been persuaded to toe the line by writing addresses that stick to the letter of government policy, while making clear their real feelings at the same time.

Mr David Maclean, a junior minister at the Home Office, says that "in the wrong circumstances a single currency would be disastrous for this country".

The election leaflet of his colleague in the same ministry, Mr Tom Sackville, says he "has consistently voiced misgivings about Europe's plans for a single currency" and describes him as "the Eurosceptic candidate".

Meanwhile the issue of unemployment will rise to the top of the general election agenda today, with the disclosure in a leaked government document showing that the official unemployment statistics significantly understate the numbers of long-term unemployed.

More news of the election campaign can be found at the Financial Times website http://www.FT.com

UK NEWS DIGEST

Jersey finance law to widen

Tough laws in Jersey against drug trafficking and terrorism are to be extended to all money laundering activities, Senator Frank Walker, president of the finance committee of the States, the island's assembly, has told financiers. The island is the biggest of the Channel Islands between England and France and makes its own finance laws.

Island businesses have been warned that the new law will come before the States in July and that its implementation is viewed by the authorities as a matter of urgency if the island's reputation is to be safeguarded. Industry concerns are already being expressed about client confidentiality and whether fiscal laws will be covered by the new legislation.

Mr Walker explained the changes at a Jersey conference at which Mr Stephen Hayward, a senior special agent working at the US Customs headquarters in Washington, said criminals have sophisticated knowledge of offshore finance centres and know which have poor supervision. "Jersey is frequently mentioned during our investigations, but it is known to be a place where it is difficult to launder money," he said. "Plenty of criminals have looked at it but then gone elsewhere." *Philip Jeune, Jersey*

■ FUND MANAGEMENT

NatWest voted top research house

NatWest Securities has retained its position as the top rated stockbroking research house according to fund managers polled by Reuters. NatWest polled 13.33 per cent of fund managers' votes, down from last year's 14.97 per cent. SBC Warburg leapfrogged HSBC James Capel to come a close second on 12.75 per cent, up from 11.33 per cent. HSBC James Capel dropped to third position with 11.52 per cent. UBS was fourth with 11.29 per cent, BZW fifth with 10.71 per cent and Merrill Lynch sixth with 10.56 per cent.

But NatWest lost its number one position as best research house, rated by finance directors at the UK's top 350 companies weighted by market capitalisation, to UBS, followed by NatWest and Merrill Lynch. SBC Warburg was voted best execution house by fund managers and also took first place for broker sales. SBC Warburg also took first place for marketmaking ability, winning 21 per cent of votes, closely followed by Merrill Lynch, with 19.2 per cent and UBS with 15.02 per cent. *Steve Thompson*

■ DAIRY INDUSTRY

Butter 'straight from the cow'

Researchers in the UK have produced what they believe is the first soft butter made directly from the milk of cows fed on an oil-rich diet. They say the butter produced in trials at a dairy research centre in southern England rivals the "spreadability" of the soft butter sold by Anchor Foods, the European marketing arm of the New Zealand Dairy Board, which is made by manipulating the fats and fluids in cream.

The spreadable butter "straight from the cow" has been developed in the past six months as part of research into "designer" dairy foods. This involves changing the cows' diet to alter the butterfat and protein in milk and meet consumer demand for innovative or healthier products. The UK market for soft butter is growing at 15 per cent to 20 per cent a year, although overall butter sales are declining. Spreadable butter costs a third more than ordinary butter, said Mr John Allen, dairy business development manager at Adas, a privatised research centre. He announced the UK breakthrough yesterday at a conference organised by AgraEurope, the business information company. The highly spreadable butter is achieved by pushing up the more expensive oil content of cattle feed and using polyunsaturated rather than saturated fats, he said. *Alison Maitland*

■ 'MAD COW DISEASE'

Epidemic 'may last until 2007'

Statistical findings from Reading University's agriculture department suggested yesterday that cases of bovine spongiform encephalopathy could continue to appear until at least 2007. The independent computer projections, which used government data, contradict earlier findings from Oxford University which suggested the disease would die out naturally by about 2001. The agriculture ministry said it could not comment until after a meeting yesterday of Seac, the government's scientific advisers on BSE. *Alison Maitland*

■ SYSTEMS 'BOMB'

Finance chiefs 'unprepared'

A third of the UK's finance directors have not yet assessed the costs of preparing their computer systems for the year 2000, according to a survey of 200 finance directors by Accountancy Age magazine and Reed Accountancy Personnel. Some computers will need updating because they are unable to recognise the difference between 2000 and 1900. The cost to UK industry of adjusting IT systems has recently been put at £31bn ($50.2bn).

Of those surveyed, 38 per cent had not assessed the time and cost involved, while 15 per cent did not yet know if their computers needed to be changed at all. Most were planning to address the problem later this year and seemed light hearted about the potential for chaos. "We are waiting for our Paris office to address the question – as they are an hour ahead of us they will have the problem first," said one respondent. *Jim Kelly*

■ RACE RELATIONS

25% of blacks jobless, say unions

Young black workers are almost three times more likely to be unemployed than their white counterparts, according to a report by the Trades Union Congress, which described the continuing level of discrimination in the jobs market as "intolerable". It said more than one in four black workers were jobless and those in work were often in temporary, part-time or low-paid jobs. *Andrew Bolger*

Asian vision sets TV industry on course to break output records

Manufacturers attribute success to a skilled workforce and low costs, reports Peter Marsh

Since he came to the UK in 1984, Mr Simon Chao has formed a favourable view of its manufacturing capabilities. As vice-president of the UK production operation of Tatung, a big Taiwanese electronics company, Mr Chao presides over a factory in the English Midlands turning out 300,000 television sets a year, 40 per cent of them for export.

He says he finds Britain an easy place to do business in. "The skills here are good and labour costs are more competitive than in Germany and France."

Tatung is one of the leading groups - all Asian owned – in Britain's surging TV industry. The sector last year made 6.2m sets, up 6.8 per cent on 1995, according to the British Radio and Electronic Equipment Manufacturers' Association.

This year, on the basis of projections from eight of the biggest manufacturers, the figure is likely to be at least 500,000 higher.

Output volumes have nearly doubled since 1990, when Britain made 3.5m TVs. The UK now produces one in three of all the TVs made in the European Union, up from one in five seven years ago.

With a trade surplus in TVs last year of more than £500m ($810m), this part of UK industry has gone through a remarkable change since the 1970s and 1980s, when Britain consistently imported more sets than it exported.

Twenty years ago, Britain's TV producers were mainly UK-owned groups such as Rank, Decca, Fidelity, GEC and Rediffusion. With the last UK-owned TV set factory closing nine years ago, the four biggest TV manufacturers in Britain now are Sony, Matsushita and Toshiba of Japan and Samsung of South Korea.

They have capitalised on government grants encouraging manufacturing operations in regions such as south Wales and Scotland, and have introduced new quality procedures to enable a big increase in production - two-thirds of output is exported, largely to mainland Europe.

Over the past decade, the Asian companies have stepped up their spending on research and development in Britain. Tatung employs 50 development engineers among its 500-strong UK workforce. Sony has 250 engineers and designers among the 4,000 people it employs in two factories in south Wales, while Matsushita plans to expand its R&D group from 50 people to 100 during the next three years.

Mitsubishi has set up a specialised research group in Guildford, in south-east England.

The companies say that a specific attraction for siting development operations in the UK is Britain's record in skills such as computer software and telecommunications. This has enabled some of the groups to add to their TV set production operations the manufacture of related products such as computer monitors geared to interactive use.

Sony last year made 1m computer monitors at its south Wales factories on top of 1.5m TV sets, with both types of product using TV tubes also made by Sony in south Wales.

The one real headache for the companies is the 15 per cent rise in sterling since last August against the currencies of Britain's main trading partners – a development that might be expected to check the export growth which has been the main impetus for their expansion.

Even though most of the companies appear to be resigned in the short term to absorbing sterling's strength through reduced profit margins, for many of them the developments add up to a sound long-term reason for Britain to be more enthusiastic about joining a single currency.

Makers of TV sets

Company	Main factory	Output (units) 1996	1997‡	Staff
Sony (Japan)☆	Bridgend	1.5m	1.8m	4,000
Matsushita (Japan)☆	Cardiff	1.0m	1.3m	1,700
Samsung (S Korea)	Billingham	0.7m	0.7m	400
Toshiba (Japan)	Plymouth	0.7m	0.8m	1,000
Mitsubishi (Japan)	Haddington	0.4m	0.4m	550
JVC (Japan)	East Kilbride	0.4m	0.4m	500†
Hitachi (Japan)	Hirwaun	0.3m	0.3m	700
Tatung (Taiwan)	Telford	0.3m	0.3m	500†
Others		0.9m	n/a	2,850†
Total		6.2m	n/a	12,000†

‡ Projection † Includes other electronic goods ☆ Output figures are for financial year
Source: Industry information, Brema

INFORMATION TECHNOLOGY

Eagle Eye • Louise Kehoe

Bedside manner

At last there is a way to diagnose where the real fault lies for those all-too-common Internet failures

I made the mistake the other day of asking Bill Gates, Microsoft chairman and co-founder, whether the frustrations of using the Internet might not limit its future growth. How many more people would be willing to put up with the slow access, dropped connections and overloaded websites that are part of every user's experience. I asked.

The response was classic Gates: "Put up with knowing the sports scores? Put up with being able to join a discussion group about a medical problem? Will people put up with that? That's a good question. If they are travelling, will they put up with being able to get information about hotels and the lowest air fares? That's a really good question ..."

Yet as I logged on to the Web that evening and found a popular site inexplicably beyond reach, my question didn't seem so dumb.

Vindication came in a package from VitalSigns, a new Silicon Valley company formed by three former executives of Bay Networks, a networking equipment manufacturer.

"A typical day on the Internet can be an exercise in frustration," the press material read. "Net.Medic changes all that." This I had to see.

Net.Medic did not disappoint. A browser companion that diagnoses and corrects Internet connection problems, the software provides a clear graphical representation of the various systems and links involved in accessing a website.

Green, yellow and red indicators highlight the responsiveness of each component – the PC, modem, link to the service provider, the Internet backbone and remote website.

As Monty Kersten, VitalSigns chief executive, demonstrated the product a few days later, I asked him to access the Netscape home page – often one of the slowest to download in my experience. No surprise, perhaps, to find the Netscape server running at 80 per cent of capacity and very slowly. So much for blaming service providers.

As well as diagnosing Internet ills, Net.Medic can cure several problems. In particular, it will reconfigure your modem for optimal performance. More than half of all PC modems are not configured correctly, according to Kersten.

What I liked best about Net.Medic was the option to automatically send e-mail reporting a problem to the party responsible for an Internet bottleneck.

For the first time it is possible to pin the blame for poor service where it belongs. This should help to eliminate weak links, be they oversubscribed providers or poorly maintained websites, noisy phone lines or overworked routers.

Which all goes to show that Bill Gates was probably right – isn't he always – in also saying that the Internet is "absolutely getting better year by year".

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Back to my favourite topic of information overload, or in this case message overload.

> 'A typical day on the Internet can be an exercise in frustration,' the press material read. 'Net.Medic changes all that.' This I had to see

I have found a new solution for those of us burdened with multiple message systems – phone, portable phone, voicemail, pager, fax and, of course, several e-mail accounts. iPost, from the Inter-Research & Development Group of Florida, enables subscribers to access any type of message from almost any type of system – phone, fax machine, e-mail or the Web.

Users can, for example, listen to their e-mail over the phone by a text-to-speech conversion system, or get faxes sent to a Web page. Voice messages are transcribed manually, or can be heard via the Web using RealAudio or similar software.

Someone might use iPost to consolidate messages into a single location, making them easier to retrieve and manage. The service could also be used to create a message outpost. A European company, for example, may need to provide a US phone and fax number for customers, but the cost of retrieving messages via international calls is high.

Instead, the company could pick up messages via the Web with a local phone call. iPost might also be a solution for technophobes who have yet to adopt e-mail. They can have an iPost e-mail address but retrieve messages via fax or phone.

iPost shows how the Internet can be integrated into traditional communications systems to improve rather than replace them – an important distinction that is often overlooked.

The universal messaging service will be launched in the US later this month. IRdg is also seeking agreements with Internet service providers, cellular telephone services and phone companies to provide similar services elsewhere.

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I hear a depressing report that Spice Girls is among the most frequently used search terms on the Internet.

But there is hope yet for those of us who are more likely to search for Van Morrison or Fairport Convention. We baby boomers, it would seem, are leaders in incorporating new technology in our lives.

We make up 58 per cent of tech adapters – the people who use technology to help balance the pressures of work and family life, according to a study of American workers published this month.

Finding this balance is a big preoccupation of American workers of all ages, the study performed by the BrainWaves consulting group found.

How do we do it? By blending work and home life – working at home and taking care of personal business at work – the study found. The clear delineation between work time and home life is disappearing.

Technology is our saviour. The portable phone enables us to be available, always, to our children as well as to our co-workers or customers; the PC lets us work at home; e-mail keeps us in touch with family and friends as well as with bosses and staff.

The good news? The survey found that more than 50 per cent of tech adapters say they have fun in their jobs, 25 percentage points above the average. We are also, as a group, the best paid and most productive workers.

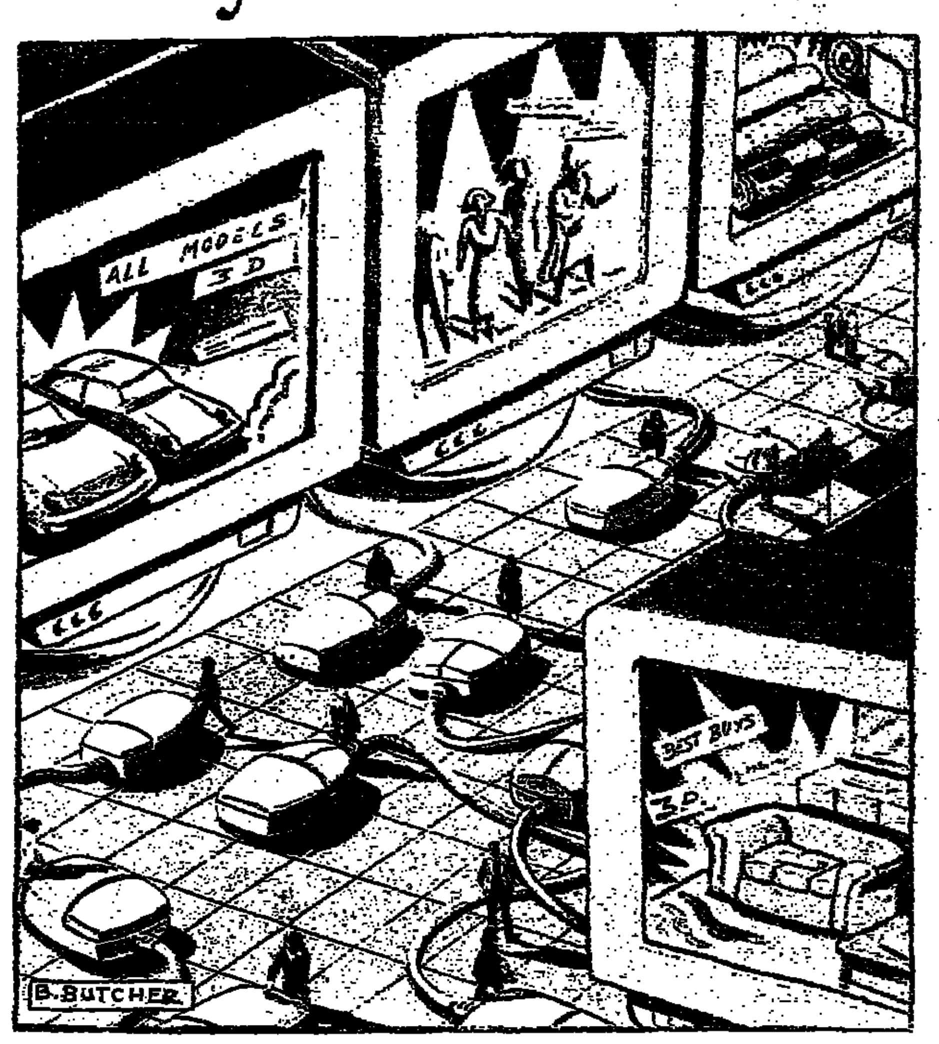
That should give the Generation Xers something to think about.

Your opinions on issues raised in the Eagle Eye column are welcome. Please access the Eagle Eye discussion group at www.FT.com or contact Louise Kehoe by e-mail on louise@FT.com

Internet shopping • Victoria Griffith

Seek and you shall find

It is the Net's search capacity that will draw shoppers



That old Rolling Stones tune, *You Can't Always Get What You Want*, could be a hymn to shoppers everywhere. Most of us have, at one time or another, traipsed all over looking for bargains or unusual items.

The Internet may change all that by giving shoppers the convenience of desktop shopping. But if that is all the Internet offers, it will have very little edge over the traditional mail catalogues. To have a real impact, Web retailing will have to use technology to enhance the virtual shopping experience.

In the long run, the real trump cards of the World Wide Web will probably be its search capabilities, which buyers can use to find scarce items or lower prices, and 3-D displays, which let consumers examine items in detail.

In the US, Internet users got a good look at how the search mechanism might work before Christmas, when desperate parents turned to the Internet for Tickle Me Elmo dolls, the season's hot toy. Faced with long waiting lists at the stores, would-be buyers discovered the doll could be purchased in cyberspace – albeit at a price.

The Elmo cyberhunt showed that the Web's sheer size can make it a better shopping medium, in some ways, to traditional shops. Although electronic commerce is still tiny compared to sales in stores, taken together, websites make up one huge shop.

"The Internet is not just emerging as a viable alternative to high-street stores and shopping malls," says Julio Gomez, an Internet analyst with Forrester Research of the US. "It is revealing itself as a better alternative in many cases."

Search mechanisms work by building huge databases and using them to guide consumers. Stores on the database would enter price changes on the computer, and the Internet could scan for the best deal at any given moment.

Once critical mass is obtained, analysts say, the Web may allow consumers to find the cheapest goods at the click of a mouse. Within the next 10 to 15 years, says Gomez, the technology could cause a dramatic drop in retail prices, of 30 per cent or more.

But the Internet needs something extra to make this work: engines to search for prices and availability. Such digital shoppers – "matchmakers" or "intermediaries" – are starting to spring up in cyberspace.

The Elmo purchases were essentially conducted through people who bought the doll from a store, then resold it for $350 and up.

The medium already works well for bargain hunters in financial services and travel. The Sabre online network scans prices to find the cheapest airfares available. InsWeb lets shoppers compare quotes from sellers of life, vehicle and health insurance to get the lowest rates.

Other intermediaries concentrate on locating obscure items. CDNow, a cyberspace clearing house for compact discs and films, attracts shoppers to its website by offering a vast selection. "People come to our site because they know whatever they want, they'll get it here," says Jason Olim, who runs the virtual store.

Auto-By-Tel helps buyers find cars in the make, model and year they want. In return for a monthly fee from dealers, Auto-By-Tel allows cybershoppers to get price and availability information from car rooms all over the US. Another company, PcOrder.com Inc runs a database with information on 150,000 computer products from more than 800 manufacturers. Intermediaries use the information to offer bottom prices to customers, while PCOrder gets a small commission on each transaction.

Wal-Mart, the huge US discount chain, believes the Internet will eventually shave profits in the retail industry to razor-thin margins. "We are online to get ready for that," says Philip Martz, who runs the store's Web operation. Martz says Wal-Mart plans to use search engines on the Internet to make sure its competitors are not selling for less.

Matchmakers are suited to some transactions more than others. It is easy to compare prices on CDs, new cars, books and computer software. The value of other items is more difficult to assess. To a computer program, red and yellow silk Giorgio Armani frocks may seem of equal value; to a shopper with her heart set on red, colour is all the difference.

Intermediaries have other weaknesses too. Most consumers do a fair bit of negotiating when they buy houses and used cars, for instance. To allow for haggling without hassle on the Web, a project at Massachusetts Institute of Technology's Media Laboratory has created virtual agents – software programs that buyers can use to conduct business for them.

Robert Guttman, a Media Lab researcher, has created "desperate" hagglers, who raise their price almost immediately, and "patient" hagglers willing to wait it out. "There is still the problem, though, of how much you can trust your agent, and whether the agent has the legal power to actually close a deal," says Guttman.

Others are concentrating on widening the scope of shopping and search engines.

For example, Jango, a personalised network robot due to become available soon, searches multiple websites simultaneously to deliver information ranging from published reviews to prices.

The software was unveiled last month by Seattle-based NETbot, which says it will be able to look beyond the Web into databases that are not accessible to traditional search engines.

Even when search mechanisms gain critical mass, electronic commerce will still suffer some of the same disadvantages as catalogues. For example, it can be difficult for buyers to know what they're getting, since photographs and descriptions can appear so different from the actual item. 3-D imaging may be one way to circumvent this problem. By operating in a virtual-reality type environment, customers can twirl items to see them from different angles, getting an idea of weight and feel.

Consumers can also use 3-D for mixing and matching. They may want to see how a blouse goes with a skirt, for instance, or how green sheets would look on a cherrywood bed.

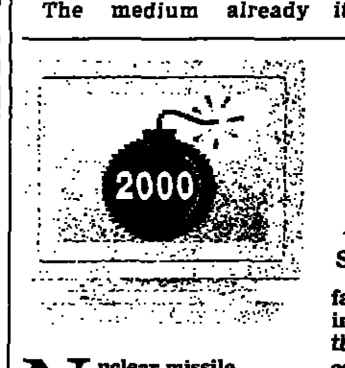
"Even with a vibrating seat, the experience you would get from a test drive on the Web would never give you a good idea of what the car really feels like," says Glover Ferguson, director of technology research for Andersen Consulting. "But the Web can offer something else – it can show you the car in magenta or light blue, and how the dashboard would look with different stereo systems."

As these new technologies are just coming online, it may be some time before Internet retailing really takes off. Yet search and 3-D capabilities may give it an edge over catalogue sales quite soon.

"Once these technologies are widespread, the Web will really have something to offer consumers," says Stan LePeak, an Internet analyst with Metagroup of the US. "Until then, Web shopping probably won't go too far."

Information Technology

● The FT's review of Information Technology appears on the first Wednesday of each month



Millennium Watch • Paul Taylor

Apocalypse soon

A series on tackling the effects of the Year 2000 problem starts with a look at a 'pathetically simple computer glitch'

Nuclear missile systems will malfunction, power stations shut down and international telephone networks collapse – all because of a "pathetically simple computer glitch that could have been avoided".

In spite of such dire warnings, the world is still unprepared for the so-called Year 2000 computer problem, according to a recent book by two British journalists.

Simon Reeve and Colin McGhee, in *The Millennium Bomb* argue that the millennium bug, which some computer experts have suggested could cost $600bn (£370bn) to fix, could be "one of mankind's most expensive errors".

The book investigates the impact that the decision by computer programmers to represent years with two rather than four digits will have on computer systems, some other electronic devices and software.

Many computers, even personal computers and embedded controllers, could fail or miscalculate. The impact is likely to be felt *throughout industry*, commerce and the public sector including defence.

Last week Robin Guenier, chief adviser to the UK Cabinet Office on computers and head of the UK government's Year 2000 Taskforce, warned that the cost to the UK economy alone will be about £31bn.

Guenier warned that many of the calculations often used greatly underestimate the cost and said that many companies still underestimate the problem. "I think people need to realise that this is a very serious matter that cannot be ignored or brushed aside. It has to be dealt with and it has to be dealt with now."

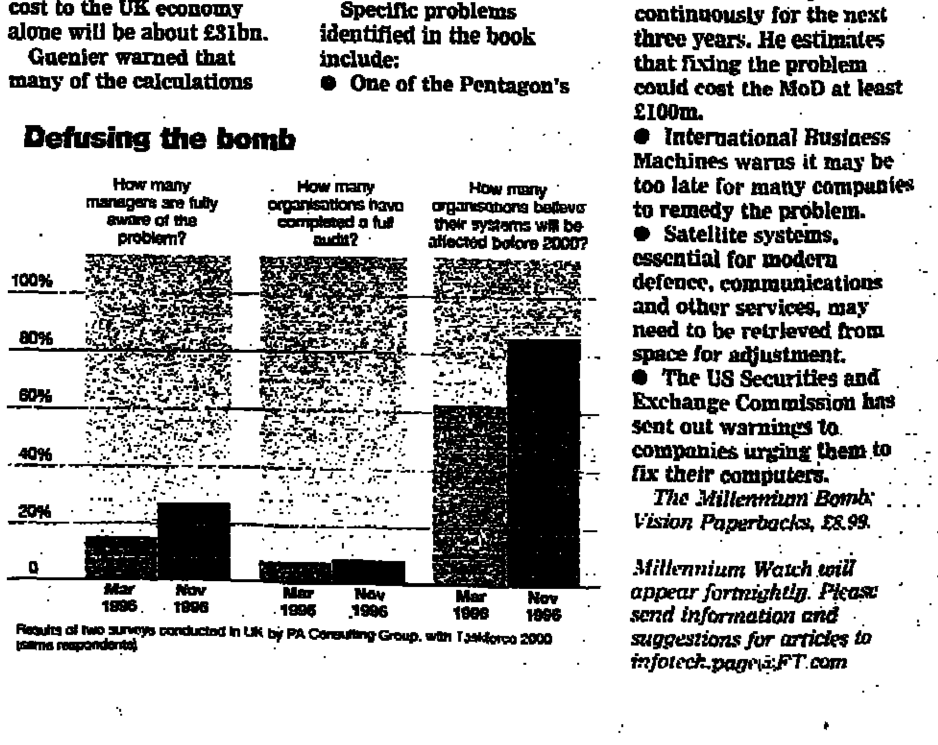
Specific problems identified in the book include:

- **One of the Pentagon's most senior officials has said that the millennium problem could be catastrophic for the US military. He said missile systems could fail.**
- **A senior British defence ministry official admits the scale of the problem is akin to mounting a large combined military exercise continuously for the next three years. He estimates that fixing the problem could cost the MoD at least £100m.**
- **International Business Machines warns it may be too late for many companies to remedy the problem.**
- **Satellite systems, essential for modern defence, communications and other services, may need to be retrieved from space for adjustment.**
- **The US Securities and Exchange Commission has sent out warnings to companies urging them to fix their computers.**

The Millennium Bomb: Vision Paperbacks, £8.99.

Millennium Watch will appear fortnightly. Please send information and suggestions for articles to infotech.page@FT.com

Defusing the bomb



Results of two surveys conducted in UK by PA Consulting Group, with Taskforce 2000 (same respondents)

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales

1/2 hour period ending	Provisional Prices for Trading on 16.04.97: Pool purchase price £/MWh	Final Prices for Trading on 15.03.97: Pool purchase price £/MWh	Pool selling price £/MWh
0030	18.43	19.85	20.91
0100	11.66	13.90	14.96
0130	18.49	19.85	20.91
0200	18.49	13.90	14.96
0230	18.49	13.90	14.96
0300	18.49	13.90	14.96
0330	18.49	13.90	14.96
0400	18.49	13.90	14.96
0430	18.43	13.90	14.96
0500	18.49	11.66	11.66
0530	21.29	11.67	11.67
0600	21.29	13.44	14.51
0630	21.29	13.44	14.51
0700	22.29	13.44	14.51
0730	23.94	20.48	21.55
0800	32.91	20.48	21.55
0830	51.56	20.48	21.55
0900	51.63	20.55	21.62
0930	33.01	26.26	27.33
1000	33.01	26.27	27.34
1030	28.48	26.27	27.35
1100	31.10	25.74	26.82
1130	31.13	25.75	26.83
1200	31.13	26.27	27.35
1230	31.09	26.27	27.35
1300	25.62	26.26	27.34
1330	24.35	26.25	27.32
1400	23.85	26.25	27.32
1430	28.28	23.54	24.61
1500	27.41	23.54	24.61
1530	23.79	23.54	24.61
1600	22.97	23.56	24.62
1630	23.90	26.27	27.34
1700	28.28	26.29	27.38
1730	28.28	26.29	27.37
1800	28.27	26.28	27.36
1830	22.87	12.28	12.28
1900	22.80	46.83	48.18
1930	22.80	53.32	54.68
2000	22.80	53.08	54.36
2030	22.80	41.87	42.99
2100	50.75	26.26	27.34
2130	50.75	26.24	27.31
2200	50.75	25.90	26.98
2230	34.64	20.48	21.55
2300	34.64	20.48	21.55
2330	19.01	20.48	21.55
2400	21.29	19.90	20.97

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.86/MWh becomes 1.686p/kWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major amendment) until final prices are determined approximately twenty-four days after the day of trading. Accordingly due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone 0115 946 6789 between 8.30am and 5.15pm Monday to Friday.
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Television in Italy/**Paul Betts**

A minestrone of bad taste

Branco is not a horse, but a charming, urbane, middle-aged wizard who reads out the horoscope every morning. He does it with great intensity, looking straight at the camera, smiling when he can announce that Venus is entering a dominant planetary phase. He never loses his cool, even when he suffered from a cut finger after chopping a chunk of parmesan cheese – perhaps in sympathy with the Italian prime minister Romano Prodi who was also seen with a bandaged finger in the midst of last week's near government crisis: the result, we were later told, of slicing salami.

Branco sits next to a lovely girl called Melba who co-hosts the early morning show on the state television network's oldest channel, RAI 1. The camera cannot resist lingering on Melba. She lets out a radiant smile, sometimes with her lips, sometimes with her dewy eyes. Yesterday morning, so taken by Branco's performance, with stars in her eyes she kissed the "mago" on the hand. And all the while, another good-looking girl strums the keys of a grand piano. Her late night piano bar repertoire includes "Stormy Weather", Cole Porter, and yesterday morning it was the turn of "Over the Rainbow".

Welcome to breakfast TV Italian-style. It sums up the best and the worst of Italian television. The best is its old-fashioned, retro quality with touches of the 1950s when television was still in its infancy in Italy. An officer in uniform, standing rather stiffly tugging his jacket down as if he had just rushed down from the airport's control tower, reads the weather forecast with none of the visual props of Britain's Mr Fish. And certainly no silly jokes. The jingles announcing news bulletins don't seem to have changed for the past 40 years. Sport, as always, is treated as a matter of state. And there is the still confusion on the sets, with strange people wandering all over the place clearly lost and the camera wobbling around them in sympathy.

This is refreshing for a country that has probably more television channels than espresso bars. But that's about it. The rest is downhill all the way. For Italy has always adapted badly to change and the result, on television at least, is a great *minestrone* of vulgarity, bad taste, blatant consumerism, and what amounts in the end to a misguided idea of what is supposedly modern, hip, and trendy.

The Italian television diet, whether on the public channels or on the private ones, is a combination of endless game shows, variety programmes, noisy but abysmally boring political chat shows, called *Pinocchio, Moby Dick, Porta a Porta* and, inevitably, *Maastricht*, designed, it seems, to confuse rather than inform, interspersed with films (some, it must be said, very good although regularly cut), cartoons, *Lassie* and *Zorro*, long post-mortems of football matches, the odd documentary and the rare serious programme. Don't even think of watching an opera on television in the land of the "bel canto", or a classic piece of theatre. RAI used to sponsor four concert orchestras. Today only one is left. And when there is nothing else to fill the air waves – here is a word of warning for countries keen on developing Italian-style multi-channel television systems – there is always direct television retailing: flashy jewellery, body-shaping equipment, an imposing collection of mattresses and bed linen.

Italian viewers don't suffer the same indigestion from soap operas as do the British, the Americans, or the French for that matter. There is *Baywatch*, but there is no Italian equivalent of *Coronation Street* nor *EastEnders*. No *Neighbours* nor *Home and Away*. Instead there is the abominable *Inspector Derrick* and all the old *Columbos*.

But then they don't need soaps: their television itself is a permanent soap. Take the most recent *cause célèbre*. It happened last Sunday during an afternoon programme on RAI 1 called *Domenica In*. It lasts for hours. It is peppered with games, dancing ladies in hot pants, lots of silly chat, all as the Sunday football results come in, duly commented, dissected and regurgitated.

The star of the show is one Mara Venier, a noisy suspiciously blonde presenter, part of a new brigade of other equally suspiciously blonde female newscasters and chat show hostesses. Her fisherwoman style has turned her into Italian television's hottest property. She is about to switch from the public sector to the Mediaset private TV empire of former prime minister Silvio Berlusconi for a record transfer fee involving billions of lire.

Last Sunday, live on television, she had a fit. It was during a telephone quiz with a whopping cash prize of L100m. The contestant, a certain Marco, at the other end of the line gave the right answer to a question she was about to ask but which had been pulled by the producers at the very last minute. Something smelt very badly, shrieked La Venier, who is herself under investigation for allegedly taking money to promote illegally products on television. How could this Marco know the answer? She interrupted the quiz and the producers called in the police to investigate the great quiz-show "*truffa*", or sting. Yesterday the newspapers reported that three people were being questioned, including the representative of the finance ministry who was supposed to oversee the quiz, while politicians called for the suspension of all game shows because of the abuse of public money.

It is not the first time a TV quiz has been the target of an artful swindle, nor will it probably be the last. It is all symptomatic of the Italian taste for the imbroglio. And television, with the multi-billions of lire in prizes it disperses, has become a get-rich-quick dream factory for a nation increasingly gripped by rampant consumerism.

In a sense, as Lampedusa noted long ago, everything changes but nothing really changes in Italy. In the old black-and-white days of television, Italians would gather around the dinner table and wait with excited anticipation for their favourite programme: *Carosello*.

At 8.30, after the news, this would consist of five separate sketches all advertising different products. The curtain would rise and viewers would watch in awe as a bald-headed detective cracked a case. "But inspector you never fail," some one would invariably say. "Yes, I have made one mistake in my life. I did not take that brand of laxative with that delicious taste of prunes." The curtain would drop and rise again this time on those popular German dancing twins, the Kessler sisters, kicking their legs high while promoting something or other.

Yesterday, adding her voice to the general fracas over the quiz, Alessandra Mussolini, the Duce's grand daughter and a deputy of the right-wing Alleanza Nationale party, warned that soon even the live transmission of the Holy Mass on Sunday mornings would be interrupted by commercial breaks.

Theatre/**Ian Shuttleworth**

Surfing the wave of history

It is all to rare nowadays to see a play of ideas staged in the West End; Stephen Churchett's first full-length work, built upon a fictitious encounter between Clement Attlee and Tom Driberg at the Potsdam conference of 1945, offers lengthy exchanges concerning pragmatic versus passionate socialism. *Tom and Clem* is, however, a mixed bag of a play: indeed, it could scarcely be more mixed if the cast of characters included a plate-spinner.

A climate of grudging *real politik* at Potsdam determined the shape of Europe for the next 45 years. Churchett, however, alludes to this only in reported accounts of Ernest Bevin's untranslatably demotic conversations; instead, the politicking centres upon the offer of a Russian intelligence officer to defect.

A generous dollop of farce is added, to the extent that on Attlee's first entrance the flamboyantly gay journalist-MP Driberg is hidden beneath a green baize tablecloth attempting to fellate the young Russian in question. Single entendres are scattered throughout the play, including an almost inevitable pun upon Attlee's mislaid pipe tobacco: "Lost my shag," he remarks, to an unsurprising louche rejoinder from Driberg.

Moreover, the element of parable is not lost on the audience as disputation proceeds about the way forward for a Labour government at a political watershed – lines such as "If we've got to have Tories, they ought at least to be gentlemen" were met with approving press-night applause. One could not help wondering, though, where the Dribergs are amid today's market-researched parliamentary scene, in terms either of personal or political fire.

Michael Gambon plays the 40-year-old Driberg with expansive bonhomie, relishing his risque exuberance yet skilfully transforming the mood when phoning through copy about his visit to the Buchenwald concentration camp (reproduced verbatim from Driberg's *Reynolds News* report). Alec McCowen takes a more muted enjoyment in the precise, elliptical speech of Attlee, a man so self-effacing that he refers to Churchill as "the prime minister", explaining, "I can't quite get out of the habit."

Daniel de la Falaise and Sarah Woodward as, respectively, Soviet and British translators-*cum*-spooks, ably broaden the canvas as far as the script permits them. Rob Howell's set provides the first political emblem of the evening, as a portrait of Attlee is hung to replace that of Churchill, and the last, as Driberg "augments" it.

However, the play's *raison d'être* is a pair of duologues between Tom and Clem, whose portentousness director Richard Wilson rashly chooses to point up: for the first, the antagonists both move downstage centre, facing out to the audience; the second takes place behind the enormous ceremonial table, assuming an air of formal debate rather than drama. Wilson proves unable to pace the awkward blend of grand politics, human politics and low farce, with the result that proceedings sometimes drag when they particularly need to be enlivened, and even when they ought to be cantering along at their own accord.

Tom and Clem is a West End curio surfing on the wave of an historical moment, and ultimately offers more to big-name scalp-hunters than to dinner-table debaters.

Aldwych Theatre, London WC2 (0171-836 6404).

Alastair Muir

Politics with a dollop of farce: *Alec McCowen and Michael Gambon as Clement Attlee and Tom Driberg at the Potsdam conference*

Ballet/**Clement Crisp**

Brandstrup on a classical theme

The Britten Theatre in the Royal College of Music is a happy location for small-scale dance. It is one of today's artistic scandals that London should still not have a dedicated dance house. The official dithering and weasely subterfuges that have brought the Royal Ballet to the prospect of a lame and vagrant existence for two years, have also denied the nation a proper setting for its resident troupes as well as for visits by major foreign companies, and have even inhibited appearances by smaller ensembles – though the rebuilt Sadler's Wells of next year will help solve this problem. But we have only to consider Paris, which provides two opera houses, three theatres, and two further large auditoria, where dance is constantly seen – I have known weeks when four major ensembles have been playing there to excellent houses – to know why dance shuns London, and why public taste here is now both starved and unadventurous.

So the Britten Theatre is worth exploring by dance troupes of medium scale, albeit its interior design has all the charm of a crematorium. (Why must modern theatres – even those, like this one, aspiring to a 19th century "look" – be made so glum?) This week Arc Dance brought two evenings of Kim Brandstrup's fine and perceptive choreography to its excellent stage: the popular *Orfeo* plus his two latest creations, *Garden of Joys and Sorrows* and *Les Noces*.

Brandstrup's forte is the revelation of subtle feeling. *Garden* uses a fascinatingly resonant score by Sophia Gubaidulina as basis on which to study the theme of Ariadne abandoned on Naxos by Theseus, and then comforted by Bacchus. The force of Ariadne's passion is clear, as is the reluctance of Theseus (that most boring of classical heroes) to respond to it, and Brandstrup makes choreographic capital from the contrast with Bacchus's warm and loving acceptance of Ariadne's love. It is a work of psychological optimism and pertinent imagery: Bacchus responding to Ariadne's raised arm by placing his head against it. Here is love acknowledged with touching truth. Excellent performances from Joanna O'Keeffe as Ariadne, and Andrew Titcombe and Marcus Green as the two divinities.

To make a version of *Les Noces* after Bronislava Nijinska is, of course, madness, and better-known choreographers than Brandstrup – Robbins, Kylian and Bejart – have taken horrid stabs at Stravinsky's peasant cantata. Brandstrup has, nothing daunted, made two versions. The first, among his earliest works, was no great shakes – though I thought it had more interest than the other stagings I have mentioned. In this new production, the cast is, as in the earlier version, dressed for a gala evening somewhere in tails and dull frocks. This anonymous wear makes, I suppose, the point of ritualistic dress quite as well as Goncharova's stylised peasant gear for Nijinska.

Significantly, the piece is danced to a French recording of the score, rather too civilised in manner. With little peasant bite or rhythmic drive to it, it removes something immediate from the music, and to this Brandstrup responds. He sees the tale as centring upon the Bride, who must also contemplate her younger self and face maturity and marriage with misgivings. But the dance – especially for the men – has vivid energy, and Joanna O'Keeffe establishes character and a potent dance identity for the Bride. The version is, in sum, better than it has any right to be, and a clear achievement, very well danced.

Orfeo remains an abiding delight. It is performed – by Dawn Collins as Eurydice and Jonathan Poole as Orpheus, the ever-admirable Kenneth Tharp as Death and Mark Ashman as Apollo – with splendid dedication. It is a work of art where music (Ian Dearden), dance, design (Craig Givens), are admirably at one and admirably expressive.

INTERNATIONAL
ARTS GUIDE

■ BASEL

EXHIBITION
Antikenmuseum Basel und Sammlung Ludwig
Tel: 41-61-2712202
● Moments of Eternity – *Egyptian Art in Swiss Private* Collections: on display are a number of pieces, including gold-plated statuettes and mummy masks, dating from 400 BC; to Jul 13

■ BERLIN

CONCERT
Konzerthaus Berlin
Tel: 49-30-203090
● *Keller Quartet: performs works* by Beethoven; Apr 17

■ BRUSSELS

EXHIBITION
Musées royaux d'Art et d'Histoire – Tour japonaise et Pavillion chinois
Tel: 32-2-7417211
● *Samurai: display of decorated* swords belonging to Samurai guards, mainly the Tsubai and Kodogui from the Meiji period. The pieces are drawn from a number of collections, including those of Edmond Michotte and Jean-Ernest van den Broeck; to Sep 1

■ CHICAGO

EXHIBITION
Art Institute of Chicago
Tel: 1-312-4433600
● Baule: African Art/Western Eyes: exhibition featuring 125 works of art from the Ivory Coast, *including masks, pottery, jewellery* and textiles; from Apr 19 to Jul 6

■ COPENHAGEN

DANCE
Det Kongelige Teater - The Royal Theatre
Tel: 45-33 69 69 69
● Royal Danish Ballet: performs Peter Martins' 'Ash' to music by Torke; 'Zakouski' to music by *Rachmaninov*, Stravinsky, Prokofiev and Tchaikovsky; 'Barber Violin Concerto' to music by Barber and 'Fearful Symmetries' to music by Adams; Apr 17

■ EDINBURGH

EXHIBITION
***Scottish National Gallery of* Modern Art**
Tel: 44-131-5568921
● James McIntosh Patrick: exhibition marking the artist's 90th birthday and featuring around 10 oil paintings, watercolours and prints. McIntosh Patrick's work concentrates on minutely-detailed panoramic *landscapes; to Apr 20*

■ HELSINKI

EXHIBITION
Amos Anderson Art Museum
Tel: 358-9-640221
● Still Lifes: survey of Finnish still life works from the 1800s to the present day, covering the influence of the Impressionists, Surrealism and contemporary movements. Artists with work on display include Churberg, Schjerfbeck, Aalto, Thesleff, von Boehm and Hellman; to May 11

■ LAUSANNE

EXHIBITION
Fondation de lHermitage
Tel: 41-21-3205001
● Du Greco à Mondrian: exhibition of the private collection of Rolf and Margit Weinberg, *consisting of 80 paintings*, drawings and objects. The display includes works by Toulouse-Lautrec, Seurat, Degas, Cézanne, Gauguin and Picasso; to Apr 27

■ LONDON

CONCERT
Royal Festival Hall
Tel: 44-171-9604242
● *London Philharmonic* Orchestra: with conductor Mariss Jansons and pianist Mikhail Rudy, performs works by Ravel and Prokofiev; Apr 19

EXHIBITION
British Museum
Tel: 44-171-6361555
● Jacques Bellange: Mannerist *Printmaker: the first British* exhibition to be devoted to the work of Bellange, one of the most inventive artists of the 17th century. Bellange was court painter to the Dukes of Lorraine, commissioned to make decorative paintings for the ducal palace; to Apr 20

Tate Gallery
Tel: 44-171-8878000
● Lovis Corinth: retrospective exhibition devoted to one of the leaders of German Impressionism. The display includes nearly 150 paintings, approximately 60 drawings and watercolours and a selection of prints; to May 4

MUSICAL
Albery Theatre
Tel: 44-171-3691730
● The Goodbye Girl: by Hamlish and Zippel. Directed by Rob Bettinson. The cast includes Gary *Wilmot and Ann Crumb (not on* Sundays); from Apr 18 to Jan 3

■ MADRID

EXHIBITION
Fundación la Caixa
Tel: 34-1-4354833
● Amelia Peláez, Frida Kahlo, Tarsila do Amaral: exhibition showing the history of Modernism and the roots of contemporary art *in South America through the* work of these three female artists. On display are approximately 100 works, establishing similarities and differences between them, *the contact they had with* European movements, and their attempts to discover roots in their respective countries; to Apr 27

■ NEW YORK

CONCERT
Alice Tully Hall
Tel: 1-212-875-5050
● New York Chamber Symphony: with conductor Gerard Schwarz, guitarist Sharon Isbin, violinist Nadja Salerno-Sonnenberg and oboist Allan Vogel; performs works by Bach, Kernis, Lazarof and Verdi; Apr 19, 20

MUSICAL
St. James Theatre
Tel: 1-212-239-6200
● A *Funny Thing Happened on* the Way to the Forum: by Sondheim. Directed by Jerry Zaks. The cast includes Whoopi Goldberg; to Apr 18

■ OSLO

CONCERT
Oslo Konserthus
Tel: 47-22-833200
● Oslo Filharmoniske Orkester: *with conductor Bjarte Engeset* and pianist Peter Jablonski, performs works by Saeverud, Rakhmaninov and Elgar; Apr 17

■ PARIS

OPERA
Théâtre de l' Opéra Comique
Tel: 33-1 42 44 45 46
● La Dame Blanche: by Boieldieu. Conducted by Marc Minkowski, performed by the Ensemble Orchestral de Paris. Soloists include Ghylaine Raphanel, Gregory Kunde, Xenia Koncek and Steven Cole; Apr 19

■ SEVILLE

OPERA
Teatro de la Maestranza
Tel: 34-5-4223322
● Il Barbiere di Siviglia: by Rossini. Conducted by Alberto Zedda, performed by the *Real* Orquesta Sinfónica de Sevilla and the Coro de Sevilla. Soloists include Leo Nucci and Ruggero Raimondi; Apr 17

■ UTRECHT

FESTIVAL
Stadsschouwburg
Tel: 31-30-2324125
● Springdance: this year's festival includes performances by the Jonathan Burrows Group, Sarah Waltz, Compagnie Anomalie, Remote Control Productions and opening the festival DV8 Physical Theatre, with a performance of 'Bound to Please' choreographed by Lloyd Newson, to music by Johnston; from Apr 18 to Apr 27

■ ZURICH

CONCERT
Tonhalle
Tel: *41-1-2063434*
● András Schiff: the pianist performs works by Schubert; Apr 20

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European Money Wheel

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Financial Times Business Tonight

Ian Davidson

Island of isolation

The UK's 'pragmatic' approach to Europe, espoused by both main parties, merely means it has no strategy at all

The rising nationalist tone in the UK election underlines two basic facts: Britain's relationship with the European Union is going to be one of the biggest and most urgent problems for the next government; yet neither of the two large parties has the foggiest idea about how to deal with it.

This is not surprising, since no UK government in the past 50 years has had any strategy for dealing with the EU. And I do not mean that successive governments have had mistaken European strategies. I mean simply they have had no discernible European strategy of any kind.

This chronic absence of any coherent policy on the EU is the single most important reason for the recidivist pattern of unremitting conflict between the UK and its partners over the years. But it is particularly regrettable now, since the terms of the European debate are about to change quite fundamentally.

The EU is now poised on the threshold of three important new departures in its development. First, it is only weeks away from the end of the intergovernmental conference which is moving towards a new treaty for reforming and strengthening the EU.

Second, six months further on, the EU is due to start the process of enlargement into eastern Europe, which would take the membership from 15 member states to 25 or more in the next century.

Third, just over a year from now, the EU will formally launch the final phase of economic and monetary union.

No one in Britain talks much about the intergovernmental conference. The present government has always claimed it is a minor affair which will not lead to very much. In fact, the treaty proposals emerging in the negotiations are likely to be quite far-reaching in several respects:

- Much closer integration on immigration and asylum policies.
- Renewed efforts to co-ordinate foreign and defence policies.
- The opening of the door to a multi-tier Union in which an inner core of member states can pursue closer integration.

The UK government is resisting any significant extension of European integration. To avoid the attacks of the Europhobes, the opposition Labour party has adopted a similar position. Yet if the negotiations continue on their present course, London's options will be confined to three choices: to block the treaty altogether; to demand the right to opt out of the new areas of integration; or to sign a treaty text which is supported by most member states.

Labour, which is odds-on favourite to win the election, has said nothing to suggest it plans to work for an agreement with Britain's partners. On the contrary, it opposes closer integration on asylum and immigration and is hostile to a multi-tier Union. It is openly boasting of its readiness to be isolated in the EU. Yet blocking the treaty – or opting out of it – would be a damaging start for a party claiming to be more pro-European than the Conservatives.

In the case of enlargement, the conventional hypocrisy of British politicians is that the applicants from eastern Europe should be brought in to the EU as soon as possible. But this cannot happen without radical changes to policies such as the Common Agricultural Policy – because a 25-member Union would be too large and diverse to apply every existing policy to all the new member states. Radical reforms of its institutions are also needed if an enlarged EU is not to be paralysed by its size.

Enlargement cannot, therefore, happen quickly. Changes in the EU's policies will upset national vested interests, but those requiring treaty amendments must be approved by all 15 national parliaments.

Radical institutional reforms for a much larger membership will unavoidably lead, in the end, to a more federal political system. British politicians do not explain these simple facts, let alone where they stand on them.

Economic and monetary union is by now almost universally accepted among the founder members of the EU as the centrepiece of the next phase of European integration. This will have vast integrationist implications for those member states that take part: it may be a first step in the creation of an increasingly federal EU hard core; and it will probably start to sideline politically those countries which are outside the single currency.

In other words, UK policy on monetary union will have massive political implications for its general relationship with the EU. Yet the Labour party has just casually declared that UK membership of the single currency can virtually be ruled out before 2002 – as if it were a purely technical question.

Politicians justify their lack of any coherent European strategy by claiming to be pragmatic. But the word "pragmatic", like "federal", has a different meaning on the two sides of the English Channel.

To the north, it is used to mean "down-to-earth", "sensible" or "realistic"; its antithesis is "dogmatic" or "utopian". But to the south, it means "improvised", "without principles", "inconstant" and, above all, "without long-term commitment". In other words, "without a strategy".

It is the lack of a strategy – any strategy – which has made it so difficult for the British to come to terms with their European partners. By now, all the founding core members of the EU have strategies which are, if not identical, at least compatible and increasingly convergent. This means they are defining the choice for Britain: to join or to leave.

PA

Still sceptical: Sir James Goldsmith's Referendum party wants a popular vote on UK relations with Europe

·LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

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No question of moving all Bank of England reserves to Europe

From Mr James Provan MEP.

Sir, It is unfortunate that the questions regarding the Bank of England reserves, which are at present being discussed in the UK general election campaign and in press reports, are misleading and creating the wrong impression.

Incorrect facts are being put about regarding the transfer of UK reserves to a possible European central bank.

This lack of correct information has been promoted by one political party in the general election campaign and I believe it is the duty of the media to inform the British people of the true situation.

If Britain joined the single currency it would be required, along with the other large member states, to provide 15 per cent of the new European central bank's reserves. This would amount to some £3bn. This gold deposit is unlikely to be transferred from the Bank of England vaults, and it will earn interest for the UK Exchequer.

This £3bn is only a proportion of the Bank of England's reserves and it is totally wrong, therefore, to suggest that all our reserves would have to be transferred.

I raised this matter with the governor of the Bank of England some while ago and I have received a very clear response. I am amazed that others have not availed themselves of the true facts on this very important issue.

James Provan,
MEP for South Downs West,
Middle Lodge,
Barns Green,
Horsham,
West Sussex RH13 7NL, UK

Lithuania N-plant will meet safety plan

From Dr. Jurgis Vilemas.

Sir, I would like to comment on your article "Lithuanian N-plant unsafe" (March 24). As a director of the Lithuanian Institute of Energy I feel that, with regard to the Ignalina safety panel's recommendations and the recognised need for quality assurance, the article lacked balance.

The Ignalina Safety Panel recommends that the operation of the plant should not restart until some of the most important safety issues are solved. In fact, the six issues identified by the panel and the measures needed to address them are already nearly 50 per cent completed and I am confident they will be implemented before the planned restart of the plant after the annual maintenance shut down this autumn. I base my confidence upon the positive attitude of the Lithuanian government to resolving the technical issues surrounding Ignalina NPP with the support of the international community which is backed up by the strong commitment of the staff of the facility, and local scientific and technical support organisations.

I agree that the issues of INPP are serious and require urgent action, but I must also stress that your article painted a one-sided picture when highlighting only negative aspects of the circumstances surrounding INPP.

The Lithuanian government and country's leading nuclear experts are fully aware of the necessity to increase the level of safety and have taken concrete steps to meet the requirements of the action plan.

Jurgis Vilemas,
director,
Lithuanian Energy Institute,
3, Breslanjos
Kaunas 3035, Lithuania

Misnomer

From Mr S.V. Plettenberg.

Sir, John Plender's "An appreciation of currencies" (April 12/13) was transparent yet down to earth as usual, but it is about time the racist misnomer "Anglo-Saxon" was substituted by "Anglo-American"!

S.V. Plettenberg,
Postfach 7279,
Loewenstrasse 54,
CH-8023 Zurich, Switzerland

Uncertainty facing Serbs

From Mr Yugo Kovach.

Sir, Your report, "Croatian poll seen as test for Tudjman" (April 11), selectively refers to tens of thousands of Croatian refugees as being poised to return to their homes in eastern Slavonia when that region reverts to Zagreb's rule. But some 60,000 of eastern Slavonia's 150,000 Serbs are refugees from other parts of Croatia. Will they be displaced and again forced to flee?

One also cannot help but contrast the international community's indifference to forcibly exiled Krajina Serbs denied the vote in Croatia's April 13 elections with the elaborate procedures devised for the Bosnian elections.

Yugo Kovach,
38 Lebanon Park,
Twickenham,
Middlesex TW1 3DG, UK

Foreign aid shown to be positive influence

From Mr Craig Burnside and Mr David Dollar.

Sir, The important findings of our study of foreign aid were not clear from your headline – "Foreign aid has little impact, says World Bank study" (April 14) – and introduction.

First, we find that in the 1970-93 period foreign aid in fact had a strong positive impact on growth in developing countries which had good economic policies. thus, foreign aid did bear fruit in an important group of countries, though not in all.

Second, the number of poor countries with good reform programmes is increasing. With countries such as Ethiopia, Mali and Uganda reforming in Africa, and Vietnam and India in Asia, there is an improving climate for effective assistance. The challenge for donors is to do a better job in channelling resources to poor countries sticking with good reform programmes.

We did find that the amount of money that countries received in the 1970-93 period did not systematically affect their policies – for good or for bad.

The correct conclusion from our study is that one cannot buy reform, which frankly should not be a big surprise to anyone. Reform arises primarily from domestic sources. Once reform has begun, however, foreign assistance can help to sustain it through policy advice, technical assistance, and financing.

Craig Burnside,
David Dollar,
policy research department,
The World Bank,
1818 H Street NW,
Washington DC 20433, US

Cracks in the glass ceiling

Women still struggle to make it in finance, say William Lewis and Tracy Corrigan

When top fund manager Ms Nicola Horlick forced her way back into the City of London offices of Morgan Grenfell Asset Management a day after resigning last January, it was widely seen as a setback for women with ambitions in the world of finance.

The eccentric manner of her departure – she later flew to Frankfurt for talks with Deutsche Bank, which owns MGAM – led to concern that male executives of finance houses would be discouraged from appointing women to senior positions. It seemed as if Ms Horlick, a mother of five children, had finally succumbed to the pressures of trying to balance a high-flying career with bringing up a family.

The saga, which received huge publicity in the UK, did little to encourage those who wish to see more women in senior positions at financial organisations. Neither did a survey published this week in Euromoney, a financial monthly, which resorted to the inclusion of some relatively junior executives in order to make up an international list of the "50 top women in finance".

"The status of women in finance has gone backward in recent years," says Ms Abigail Hofman, global head of debt origination at BZW, the investment bank owned by Barclays Bank. "Women went through a period in the 1980s of wanting it all and achieving it all. But they have slightly let it slip now."

Ms Hofman, who figures prominently in Euromoney's list, says that women "are not really holding down high positions of responsibility. The upper echelons of investment banks are really male bastions." She describes the change as "a more 1990s' attitude: 'Do you really want to slave away in the City when you could have fun?'"

Others are far more optimistic about the prospects for women at investment banks and financial institutions. They point to the large number of women in middle management and argue that among fund managers and analysts, where the culture is less gung-ho than in corporate finance offices, senior women are emerging.

High flyers: Nicola Horlick (left) and Abigail Hofman

"There are more and more women coming through the ranks into senior positions," says Ms Tara Ricks, a director of Joslin Rowe, a recruitment consultancy.

"If you look at the trading floor there are far more women than 10 years ago and the proportion of women in graduate intakes is very encouraging."

"There is a huge difference between the US, Europe and Asia," says another corporate headhunter. "Women's prospects in the world of finance are being driven by US banks, whether they are in the US, Europe or Asia." Women executives complain about European and Asian banks and say "if they are to get on, they need to be at a US house."

Although relatively few women on Wall Street have broken through to senior management positions, they easily outnumber those in the City of London, Singapore or Tokyo. An example is Ms Bridget Macaskill, the British women who runs Oppenheimer Funds, a US money management group. Her background includes a stint at Unigate, the UK dairy group, where she came up with the idea of delivering a carton of orange juice to doorsteps with the morning pint of milk.

By her own account, Ms Macaskill started at Unigate straight from college as a "glorified secretary", but ended up running the marketing division. When she joined Oppenheimer as a marketing specialist in 1983, she had no knowledge of financial markets, but has since risen to become chief executive officer.

In the entrepreneurial culture of the US, more women are also setting up their own companies. Ms Alexa Willson and Ms Yvonne Cliff, both former bankers with Drexel Burnham Lambert in the 1980s, have recently set up their own private equity fund – among only a few such owned by women. Private equity funds take stakes in small companies, usually before they have come to the public stock market.

Both women say they have a wide range of contacts, partly through networking associations, including the Financial Women's Association, which has 1,000 members among senior women in finance in New York. A similar networking group for women working in the City has also been set up, but there appear to be few such networks in Asia.

Ms Willson says that one of the most noticeable differences between the 1980s and the 1990s is "the increase of women in corporations and advisers that we work with". She says: "When I am sitting around a table discussing a transaction with a dozen people, three or four of them are women." She used to be the only one.

Ms Mary Farrell, now a managing director at Paine Webber, the US brokerage, recalls her early career on Wall Street in the 1970s when "it was not unusual to find yourself being paid half of what the equivalent male analysts were getting". In *Women of the Street*, a recent book by Ms Sue Herera, Ms Farrell is quoted as saying she changed jobs three times in search of a company that would judge her on her merits.

Some of the most senior analysts on Wall Street are women. Ms Abby Cohen, co-chair of the investment policy committee at Goldman Sachs, is one of the most highly regarded stockmarket strategists in the US – not least because she correctly predicted the bull market of 1996, holding firm when most of her peers had turned bearish.

In the longer term, women executives are hoping that the more progressive attitude of US financial companies will begin to rub off on European and Asian finance groups through market forces.

In Japan, for example, women are well-represented among university graduates but are not offered the same employment opportunities in business as men.

Some recruitment experts have advised foreign companies entering the Japanese market to take advantage of this anomaly by concentrating on hiring Japanese women, according to a recent book by Ms Susan Schneider and Mr Jean-Louis Barsoux. Not only are Japanese women in plentiful supply, but they also tend to be more motivated than their male colleagues.

The book also quotes the experience of Citibank, one of the largest US banks, in Taiwan which, when frustrated in its attempts to recruit local men as private bankers, began to take on more women. The women hired locally were successful, not because they possessed exceptional banking skills, but because – unknown to Citibank – they had good family connections with high-income clients.

While such market forces can help, the most important thing, according to Ms Hofman, is for "some of the women in senior positions to encourage those behind them".

When they come upon a difficult assignment, she says, they must at all costs be discouraged from saying: "What the hell, I'll go and be an interior designer."

COMMENT & ANALYSIS

FINANCIAL TIMES
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Wednesday April 16 1997

Travails of containment

In 1991 the Gulf region was the scene of the most effective display of international unity under western leadership since the second world war. An act of aggression was reversed, and the sovereignty of an occupied state restored.

Yet this has not been followed by a stable or secure peace. The two main regional powers, Iran and Iraq, remain international pariahs, whose regimes are doing their best to destabilise the present world order. Both are hostile to the pro-western governments in the Arabian peninsula, and to the Arab-Israel peace process. Both have sponsored international terrorism. Both are suspected of seeking to acquire nuclear and other weapons of mass destruction.

The US has sought to deal with these problems through "dual containment". Against Iraq it has been able to keep UN sanctions firmly in place, helped by Iraq's continued obstruction of UN attempts to verify its elimination of weapons of mass destruction (of which the chief UN inspector Mr Rolf Ekeus again complained last week). Against Iran, which has not committed aggression as Iraq did, the US has had to make do with unilateral sanctions but, through the D'Amato Act, has sought to coerce foreign firms into complying with them.

Both policies are visibly fraying at the edges. Except for the UK, Kuwait and somewhat more ambiguously Saudi Arabia, virtually all UN members are chafing against the continued sanctions on Iraq, for a mixture of commercial and humanitarian motives. This week Iraq ratified an oil agreement with Russia, which goes only a little beyond "understandings" already reached with western oil companies, while the Italian Senate approved a motion aimed at revoking the economic embargo and releasing Iraqi assets held in Italian and other foreign banks.

Today *Foreign Affairs*, the journal of the US Council on Foreign Relations, publishes two articles calling for improved relations with Iran – one signed by three leading policy-makers from past administrations, the other by a prominent Iranian exile connected with the late Shah's regime. Ironically, this comes at a moment when the EU has been forced to suspend its so-called "critical dialogue" with Iran by the long-awaited and unequivocal finding of a German court that the Iranian regime was directly implicated in the murder of exiled Kurdish leaders in Berlin.

No western state can claim any marked success for its recent policies towards either Iran or Iraq. The time is ripe for the US and its main allies to conduct a joint review of their strategic options in the region.

Sweden scores

Europe is awash with governments trying to persuade the financial markets that their budget plans are tougher than they actually are. Everywhere, that is, but in Sweden, where yesterday Erik Asbrink, the finance minister, presented an "expansionary" budget which was, in fact, nothing of the sort.

Declaring that there was now "light at the end of the tunnel" for Sweden, Mr Asbrink unveiled plans to spend an additional SKr66bn (£5.3bn) over four years, lowering unemployment and increasing "justice and equality in Sweden". After so much austerity, few were surprised that the minority Social Democrat government should want to ease up before autumn's election. But the talk of new spending was deceptive.

The new plans show the government sticking to its old expenditure ceilings for the next three years. As things stood, spending was set to come in well below those targets. Rather than spend the extra money on further cuts in borrowing, or tax cuts, the government has simply decided to put it to work on unemployment.

It is a tribute to the fiscal turnaround which the Social Democrats have achieved since coming to office in 1994 that Mr Asbrink seemed more concerned to "spin" the budget to voters than to investors. Three years ago, public borrowing was 10.3 per cent of GDP; in 1997 it will be a little more than 2 per cent. What is more, unlike other recent European consolidation efforts, most of the improvement has come through lower spending.

If it all sounds too good to be true, consider what the government has in store for stage two. Furthering confusing the "expansionary" theme, Mr Asbrink announced the new long-term target of a 2 per cent budget surplus. The government expects to reach this goal by 2001.

This would be an ambitious target for any government to achieve. A year and a half away from an election, with a 25 per cent opinion poll rating and a 12 per cent (broadly defined) rate of unemployment, it sounds positively foolhardy. Indeed, many in the financial markets are worried the government's tough fiscal timetable will slip further as the election draws near.

Yet a knowledge of recent Swedish history suggests they should fear the opposite: that Mr Asbrink will do so little to win over voters that the country will opt instead for a tax-cutting party that is willing to loosen the reins. The voters have done so before, each time leaving the Social Democrats to pick up the pieces. Investors must hope that the cycle does not repeat itself yet again.

Playing Santa

To many UK savers and borrowers it must seem as if the building societies are flying through the air emptying sacks of pound notes down chimneys.

By the end of this year, the six mutuals, including a life insurer, which are transforming themselves into limited companies will have handed out £22bn in shares, the equivalent of about £600 for every adult. Canny investors might gain windfalls of £5,000 or more.

This is not the same as cash in hand, but it may seem like it to many of the recipients, who could sell their shares and spend the cash. Britain's recovery, led by an expected 4¼ per cent increase in consumer spending, could become dangerously overheated.

If investors decided to spend the lot, consumer demand would, theoretically, be increased by a heady 5¼ per cent. Although this is unlikely, it now seems that more may be spent than was previously expected. Alliance & Leicester, the first to float this year, says that 27.5 per cent of its new shareholders plan to cash in their stakes immediately.

The overwhelming support yesterday for the conversion plans of Northern Rock and Bristol & West, is another indication of members' appetite for realising their interest in more liquid form. The free shares are not strictly a windfall increase in wealth because members have always owned mutuals' assets. But possession of tradeable shares is likely to make consumers feel that their wealth has grown.

They might be expected to save much of it: the rational consumer of economic theory would spread new-found wealth. Spending would increase immediately, but most would be saved and spent in the future.

Given the age profile of building society members, the increase in consumer spending might theoretically be expected to be between 5 per cent and 10 per cent of the windfall. People might spend more than this if they were unable to borrow to finance consumption. But most building society investors are middle-aged, and so are mainly net savers. On this basis, the Bank of England estimates that the boost to consumer spending will be about 0.5 per cent.

However, consumers can be less rational than economic theory suggests. They are also exuberant at present. Consumer credit – 17.5 per cent ahead of a year ago – is at a record. Consumer confidence is between 12 points and 13 points above its long-run average, at levels only briefly seen in 1988. And that boom soon collapsed into inflation and then unemployment.

All this adds to the danger that domestic consumption will run out of control. It reinforces the need for the next government to stop consumers celebrating too wildly.

Not much sign of relief

Progress on easing the debt burden of the world's most indebted poor countries is mired in political disagreements, writes **Robert Chote**

When Mr James Wolfensohn, president of the World Bank, launched his joint debt initiative with the International Monetary Fund last September, he hailed it as "very good news for the poor of the world". As work on the initiative moves from broad principles to country-by-country proposals, however, political wheeler-dealing is threatening to bog it down.

Debt relief proposals are now on the table for four countries – Uganda, Bolivia, Burkina Faso and Ivory Coast. But the big creditor countries on the executive boards of the IMF and World Bank still cannot agree on which countries should get relief, how generous the relief should be and when they should get it.

World Bank board members discussed these questions on Monday and their IMF counterparts will tackle them today. But as one senior official warns: "The differences on the board are pretty serious and pretty deep-seated."

The basic principles were supposedly agreed last year. For poor countries with good records on economic policy, creditor governments will increase the relief they offer on bilateral debt from the present 67 per cent to as much as 80 per cent.

International creditors – the IMF, the World Bank and the multilateral development banks – will then provide further help to reduce debts to a sustainable level. This is the level at which borrowings could be serviced comfortably by export earnings, aid receipts and capital inflows.

Between eight and 20 of the 41 nations classified as "highly-indebted poor countries" were eventually expected to benefit, with debt relief totalling between $5.6bn and $7.7bn. Mostly in Africa, these countries have per capita incomes less than $905 (£557) a year and most fall into the lowest category of the United Nations' human development index.

"Translated into human terms, this means that a child born into a highly-indebted poor country is 30 per cent less likely to reach their first birthday than the average for all developing countries," according to Mr Justin Forsyth, at Oxfam, the UK aid agency. "And a mother is three times more likely to die in childbirth."

Relative to other developing nations, the highly-indebted poor countries have suffered weak economic growth and poor export performance in recent years. And things have been getting steadily worse: growth in these countries averaged 1 per cent a year in the first half of the 1990s, half the rate achieved in the late 1980s.

"Much of this poor performance can be attributed to civil disturbances, weak governance, poor macroeconomic policies and deep-seated structural problems, including neglected physical infrastructure, inadequate healthcare and nutrition, unskilled workforces, and weak institutions," the World Bank argued in its report on *Global Development Finance* last month.

But debt burdens have also contributed. Many of these countries saw exports crumble when commodity prices fell after the late 1970s. They then borrowed overseas to finance domestic investment and compensate for lost foreign exchange earnings. So when the debt crisis of the early 1980s prompted most commercial banks to stop lending, they were left to rely on government and multilateral lenders.

Net inflows from creditors averaged 1 per cent to 5 per cent of national income in these countries over the past 15 years. This has raised their debt stock from $55bn in 1980 to $215bn in 1995, imposing an increasingly onerous burden. In Mozambique, for example, debt-servicing absorbs more than half the government's revenue and five times its spending on health and education.

For countries which have debts exceeding their repayment capacity, servicing costs depend on output: the better an economy does, the more it will be expected to pay. This can discourage private investment, as does the uncertainty created by repeated debt reschedulings. Policymakers also find reforms difficult to sell domestically when most of the benefit goes to foreign creditors through higher debt repayments.

Hence the importance of debt relief: "By permanently reducing the value of future claims, lifting the debt overhang improves the incentive to invest and broadens domestic support for policy reforms," the Bank argues.

When the details of the initiative were agreed last year, IMF and World Bank staff concluded that the sustainability of a country's debt position should be judged by comparing the net present value of its external public debt with the value of its exports. It was assumed that countries could sustain debt-to-export ratios as high as between 200 per cent and 250 per cent.

But when Bank and Fund economists began to examine the first candidate countries, it became clear that debt reduction targets should be set at the lower end of this range to achieve a permanent cure for their debt problems rather than temporary remission.

In Uganda, for example, Fund and Bank staff recommended a debt target of between 200 per cent and 220 per cent, compared with its current ratio of 254 per cent. Coffee accounts for two-thirds of Uganda's export earnings and if coffee prices fell 20 per cent from their present high levels, this could add up to 40 percentage points to its debt-to-export ratio.

"Given the country's above average vulnerability, the specific debt target that is finally agreed needs to be low enough so as to convincingly reduce the risk that Uganda is faced with an unsustainable debt position and that ensures that the initiative provides an exit strategy," the Bank and Fund staff argued in an internal paper.

It has long been assumed that Uganda would be first beneficiary of the debt initiative, having achieved what the Bank and Fund describe as "a demonstrable adjustment record of nearly 11 years". The institutions recommended Uganda should get its extra relief in April 1998.

This led to disagreements between two leading creditor countries. The UK argued that Uganda should get help faster – this year. But the US Treasury surprised both the Ugandan authorities and the other creditors by suggesting a later "completion point" in April 1999.

Washington cites the experience of Poland, where debt relief was used as a carrot to encourage further free-market reforms. In order that the delay should not leave countries worse off in the end, the US also proposes providing interim assistance to help in debt-servicing.

Officials say that although the US lacks majority support on the board, a slightly delayed completion point in autumn 1998 looks an increasingly likely compromise. This would provoke a hostile reaction both from the Ugandan authorities and from development lobby groups.

Delaying Uganda's completion point would raise the amount of relief it needed, because its debts are rising more quickly than its exports. But the increase would be up to $20m – a relatively small sum in comparison to the $252m to $386m which would be needed for a completion point next April.

In the case of Bolivia, a later completion date would reduce the cost of debt relief. Achieving a 215 per cent debt-to-export would require $579m for the mid-1998 completion point favoured by the Fund and Bank, but only $454m for the mid-1999 date favoured by the US. The Bolivians themselves want a 200 per cent target and an end-1997 completion point, which would cost $820m. They argue that delay would lead to a loss of confidence among foreign investors.

Meanwhile France wants more generous treatment for its allies in Africa – and is pulling high-level political strings to get its way. IMF and World Bank economists have concluded that Ivory Coast would not be eligible for relief under the present rules, as its debt-to-export ratio would be only 156 per cent at its assumed completion date in 2000.

The Bank and Fund suggested that Ivory Coast should be treated as a borderline case, receiving interim assistance until its debt position is reassessed in three years. But this is not good enough for France, which argued strongly at an informal World Bank board meeting on Monday that the rules should be changed to ensure the former French colony gets relief.

Mr Michel Camdessus, managing director of the IMF, backed Ivory Coast's claim on a visit to Paris last week, in return for French agreement to use money in an IMF reserve account to help finance relief. He noted that Ivory Coast had a low debt-to-export ratio largely because it exports 50 per cent more of its output than most other highly indebted poor countries. Its debt looks more onerous when compared with government revenues or the size of its economy.

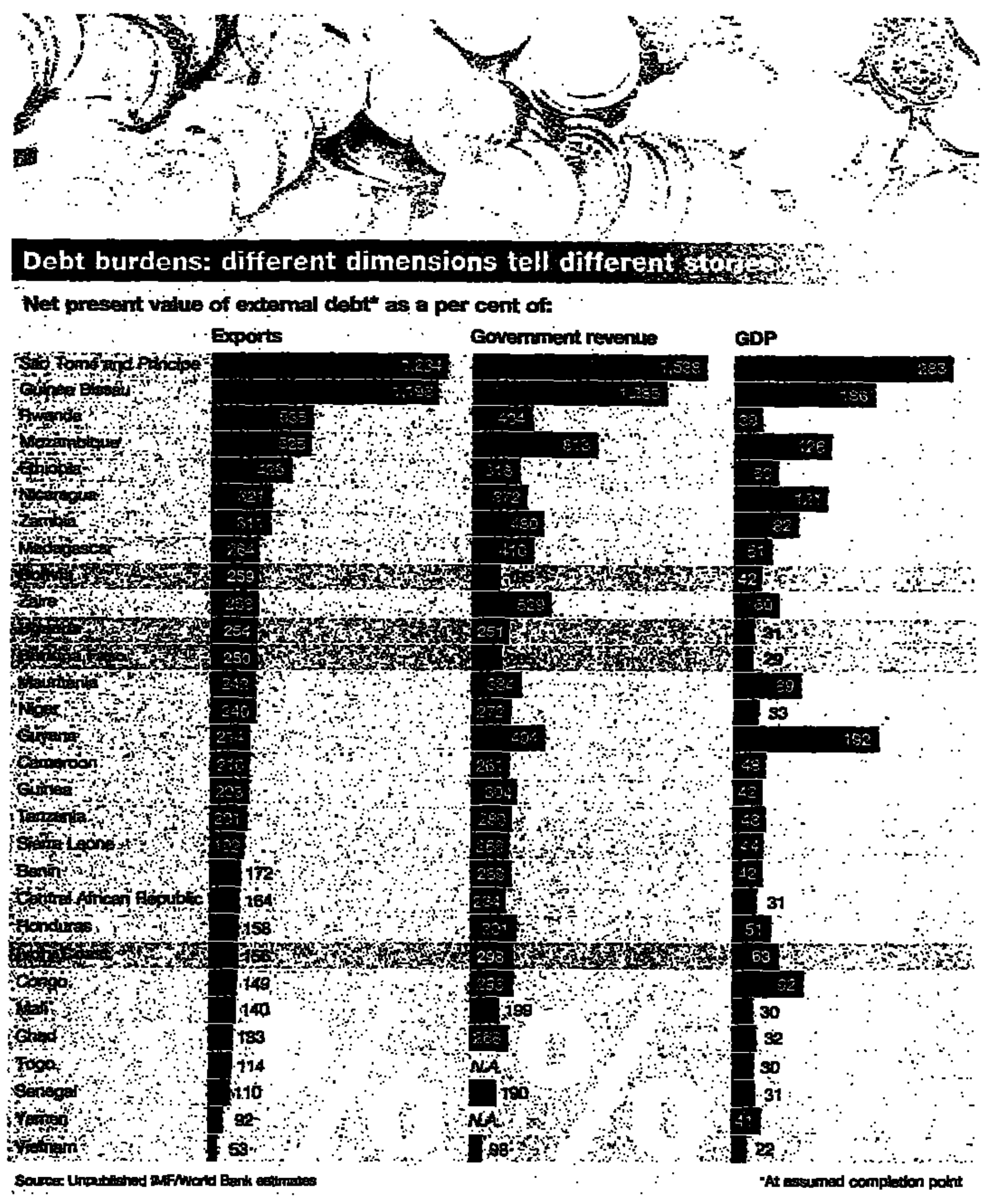
Some economists argue there is little justification for making Ivory Coast a special case. "They have had good growth and low inflation and they do not look like a debt emergency country," argues Mr James Pressler of National Trust Bank in Chicago. "Of the 20 or so countries under consideration, they should be somewhere at the bottom."

Germany, Japan and Italy have opposed changing the rules so the fiscal burden of debt can be taken into account – one way to let Ivory Coast in. They fear this would allow many more countries to benefit, raising the cost of bilateral relief and bringing forward the point at which the sale of IMF gold reserves has to be discussed again.

But officials in Washington sense that Germany's position may change as part of a high-level deal with France. "This is a major issue for the French and we may see support going their way," says one senior official. "French policy in Africa looks very scanty and it is a life or death issue for them to get some wins. They cannot stand by and see this characterised as a scheme for the Anglos."

The stakes are high. Officials at the Bank and Fund have warned that adding fiscal criteria to the export criteria would be "a substantial change to the architecture of the initiative".

But if the eligibility and completion point arguments are to be resolved, that may be necessary. The result could be an initiative which benefits more countries in the end but requires them to jump more hurdles before they get help.



· O B S E R V E R ·

Paris spring for Rohatyn

■ After a great deal of White House dithering about who should follow the late Pamela Harriman as US envoy to Paris, it seems that Lazard Frères partner Felix Rohatyn has been promised the job.

While Harriman may be an impossible act to follow, the 68-year-old Rohatyn – a long-standing Democratic Party fundraiser – would bring more than most to the post. Recently described as "the Democrats' favourite banker" – and an architect of the $20bn telecoms link between BT and MCI – he's probably America's most influential investment banker.

Although born in Vienna, "Felix the fixer" spent his boyhood in Paris and, of course, speaks fluent French; Lazard Frères has for years successfully straddled both the Atlantic and the cultural divide between the French and Anglo-Saxon worlds.

If confirmed, his appointment would also disprove the theory that – in the current hyper-sensitive US political climate – donors can't be rewarded with plum diplomatic posts. Among the 10,000 pages of documentation released by the Democrats this week, in response to a subpoena, was a list of generous givers to party funds whom the President was urged to consider for cosy jobs.

Still, Rohatyn seems to be acutely aware of the political pulse; last year he pulled out of the running for the number two slot at the Federal Reserve rather than run the gauntlet of a hostile Congress.

Smoke screen

■ Fresh from his Philippines Supreme Court victory against a government attempt to prosecute him for alleged evasion of $1bn in tax, Chinese-Filipino tycoon Lucio Tan is fighting back. He's set his sights on the personal property of the country's top tax collector.

Tan, one of the country's richest businessmen with an $8bn empire, including Philippine Airlines, Fortune Tobacco, Allied Bank and Asia Brewery, has filed an $11m civil damage suit against Liwayway Vinzons-Chato, head of the Bureau of Internal Revenue. He claims she issued an order in 1993 which hit his Fortune Tobacco products harder than rival brands; Estelito Mendoza, the lawyer of choice for cronies of former dictator Ferdinand Marcos, has been hired to sue Chato in her "personal and private capacity".

Accused of "abusive, arbitrary and oppressive acts", she should be worried. Tan numbers the country's sharpest lawyers among his entourage and they don't come any tougher than Mendoza.

Milky way

■ Farmers across Ireland have been chewing the cud over the I£320m bid by Avonmore for Waterford Foods; if it goes ahead, the deal would create the country's largest milk processor. Both companies are controlled by co-operatives, which makes a change from the usual corporate spat decided by faceless institutional shareholders.

While the purchase price offered by Avonmore appears generous enough, the 4,500 members of the Waterford co-operative – mostly wellie-and-tractor types – have other questions on their minds. What, they ask with furrowed brows, will the deal do for the price of milk? And how many of their own representatives will be on the new board? No sign of short-termism there.

Sails drive

■ The love affair with the sea continues for jailed French tycoon Bernard Tapie. Yesterday he started on a day release scheme drumming up business for naval construction company Secna, returning to his cell each night to continue his eight-month sentence for football match rigging.

Secna is run by Michel Bigoin, an old chum of Tapie who renovated his majestic four-masted yacht in 1986. Passing off the big boat as a business expense earned Tapie a six-month sentence last year for tax evasion. He's already booked a holiday in May, but he won't be sniffing the sea breezes; he'll be in court to answer fraud charges relating to the management of OM Marseille football club.

Last gasp

■ The Egyptian pyramids at Giza are to be given a rest from tourists. Apparently they keep breathing while they file through, each exhaling – says Zahi Hawass, chief archaeologist at the 4,500-year-old pharaohs' tombs – some 20g of water. Mycerinus, the smallest of the three, is to close for six months from May 1 for repairs and new ventilation. Its two big brothers have been overhauled and, once the last is done, Hawass says he wants to close them in rotation "so that one will be resting at all times."

Tourists are important, he concedes, "but the health of the pyramids is even more important". Pity the architects didn't design them better.

The Financial Times

100 years ago

Emigration To America
The United States still receives the bulk of the surplus population of this country, and also of that motley tribe of European emigrants which is constantly filtering through British ports to the "Land of the Free." But in the last three years there has been a marked diminution in the number bound for the States, the number for 1896 being smaller than for any year since 1879. The migration to Canada has also dropped heavily in the last three years. Some of the decline is due to the fascination exercised on the emigrant mind by the latest El Dorado, South Africa.

50 years ago

Rubber Trouble
The annual report of the Malaya Rubber Growers' Association says that the most serious problem in 1946 arose from the fact that labour available for the rubber plantation industry was below requirements. Apart from that, states the report, "labour was considerably disorganised by the development of a trades union movement on lines and under conditions inconsistent with the accepted principles of the movement."

FINANCIAL TIMES
Wednesday April 16 1997

Reforms urged after Belgian child murders

By Emma Tucker in Brussels

Changes to Belgium's police and judicial systems have been recommended after shocking revelations of bungled investigations into a string of child murders.

A *report by a special* parliamentary committee, compiled over six months, spares no one and concludes that if the police and judiciary had done their jobs properly the missing children would have been found earlier, perhaps alive.

"The malfunctioning of the Belgian penal system today poses serious problems that put at grave risk the state of law," it says.

The report also suggests the chief suspects enjoyed official protection, a charge that the committee *has until the end of* September to investigate.

Its main recommendation is that an integrated national police force be established.

This, it hopes, would overcome rivalry between the three police tiers – local police, the judicial police (which brings cases to court), and the *gendarmerie*, the only national force.

The committee was charged with getting to the centre of a *paedophile scandal* that has outraged Belgians ever since the discovery eight months ago of the bodies of four girls at houses owned by a convicted rapist, Mr Marc Dutroux. All had been kidnapped, sexually abused and murdered.

Last month, the body of a fifth girl was uncovered in the basement of a garage in Brussels belonging to another suspect. Police are still looking for other missing children.

The report confirms what a *cynical and angry Belgian public* already suspected – that a combination of laziness, incompetence, lack of funding and the failure of different police forces and the magistrature to co-operate prevented the girls from being rescued.

Mr Melchior Wathelet, the former justice minister, is criticised for releasing Mr Dutroux, the chief suspect, from prison, only three years into a 13-year rape sentence.

Investigators are chastised for being slow to follow up leads and for ignoring evidence; a magistrate is shown up for having gone on holiday at a crucial phase in one of the investigations, leaving no directions on how to pursue it; local police are criticised for failing to act on reports from a neighbour who heard a child screaming just a stone's throw from where she went missing.

According to the investigation, the *gendarmerie* withheld *information from the judicial* police investigating the disappearances because it wanted the glory of solving the crime.

Worst fears confirmed, Page 3

Peregrine may close Vietnam operation after arrest

By Louise Lucas in Hong Kong

Peregrine Investments Holdings, the pan-Asian banking group, may decide to close its Vietnam offices following the arrest of its top man in Ho Chi Minh City.

Mr Nguyen Trung Truc, an Australian-Vietnamese, was arrested on tax evasion charges on Monday.

Peregrine said last night it had been unable to contact either him or the prosecutors for any more details. "We are in the dark," said Mr Alan Mercer, group legal counsel.

Mr Judd Kinne, who had *responsibility for Vietnam on* Peregrine's executive committee, has taken charge in Ho Chi Minh City. A decision on the Vietnamese operation is expected over the next few days.

Analysts said it could result in the closure of the offices, given that securities markets in the country have not materialised.

Mr Truc's arrest comes two months after Peregrine's Vietnam business was fined £36,500 for operating an unlicenced business from an unregistered office. The company is appealing.

Prosecutors in Vietnam had been investigating Peregrine Capital Vietnam for nine months before the fine.

The office, set up in readiness for the opening of a securities market in Vietnam, was more involved in trading and the distribution of cars and consumer products.

This sector was Mr Truc's speciality, but business has tapered off. "The distribution businesses that were run by Mr Truc have just been ticking along," said Mr Mercer.

"It is difficult to conduct business when your books and records have been seized by the regulators."

Mr Mercer conceded that Peregrine had been hasty in *swooping on some of the* region's less-developed markets. "That's certainly been borne out by Vietnam," he said.

Peregrine has also had problems elsewhere in emerging parts of Asia. In January, it shut down its operations in Burma, and last year it won damages in a legal action against Ms Miriam Segal, former chairman of Peregrine Capital Mynamar.

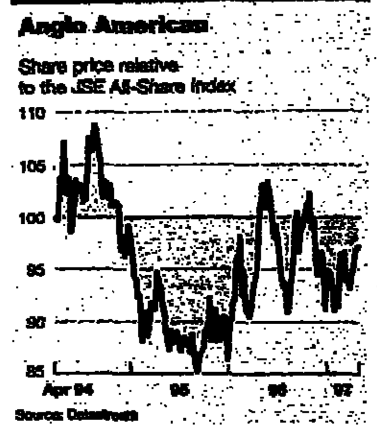
Earlier this month, troubles surfaced in Bangladesh when an arrest warrant was issued for the head of Peregrine's investment banking business there – one of 36 warrants which were issued in the wake of the country's stock market collapse.

Vietnam's top company driven to seek help, Page 8

THE LEX COLUMN

An Anglo affair

FTSE Eurotrack 200:
2197.1 (+24.3)



Anglo American's opposition to radical unbundling is well documented. But events this week confirm that the tectonic plates are shifting. On Monday the company *said it would be part of a consortium* – including its offshore associate Minorco – tendering for control of the giant Brazilian iron ore producer, CVRD. Yesterday it announced plans to merge its four listed platinum companies into a single vehicle.

Both episodes are instructive. Back in 1993, Anglo agreed to concentrate on expanding in Africa, leaving the rest of the world to Minorco. Clearly that arrangement has been revisited, a sign that Anglo is more confident again about raising its international profile. The Amplats announcement is also encouraging; mining investors show an increasing tendency to prefer companies with potentially infinite growth prospects to individual *mines with finite ore bodies.*

Of course, there is nothing like making a virtue out of necessity. Anglo may be solicitous of the needs of international investors, but the platinum deal is rooted more in economic realities than corporate fashion. Margins have shrunk as platinum group metal prices have more than halved over the past six years. The new structure will allow the company to move down the cost curve, concentrating production at its more economical shafts. Both initiatives are welcome – though the group remains as much family business as public company.

Italian banking

After numerous false dawns, Italy's ancient banking system is limping towards a phase of dramatic consolidation. Cariplo is talking to Banco Ambrosiano Veneto. Banca Nazionale del Lavoro and Ina have bought Banco di Napoli and now Mediobanca appears to be pursuing a merger with Banca Commerciale Italiano.

A Mediobanca/BCI tie-up would make sense. Mediobanca has long had a stranglehold on Italian corporate deal-making, medium-term lending and the bond market. Com*petition has caught up in all* areas, and European economic and monetary union will accelerate the process. Linking with BCI would guarantee distribution for bonds and *equities, strengthen Mediobanca's* balance sheet and create a coherent grouping of investment banking, retail banking and insurance – Mediobanca in effect controls Generali. And since the two have historical ties there should be no cul*tural impediments to a merger.*

Nonetheless, Italy's banking consolidation has so far failed to address the industry's key problem – it is inefficient and unprofitable. There is no overlap between Mediobanca and BCI, so no costs would come out. And other mergers have involved little integration, being driven more by power politics than the desire to create value. Mergers should be aimed at stripping out costs and improving technology to get a competitive advantage. The risk is that they will be encouraged merely out of fear that a management could get left out in the cold and then taken over.

LVMH

As one might expect from a luxury goods company, LVMH is adept at packaging itself with style. Its 68 per cent increase in first quarter sales was therefore welcomed with a 5 per cent jump in its shares. But under the surface, business is not quite as buoyant as it might seem.

Cognac sales were boosted by stocking up in Japan prior to price and value added tax increases – but profits will fall this year. Fashion goods are now reported together with the group's primary profits source, luggage, presumably *because sales are falling.* Strip out newly-acquired DFS from the luxury goods distribution category and it is clear perfume sales have also declined in constant currency *terms, even by comparison* with a dismal 1997. Even DFS, the duty free retailer bought last October, has shown a decline in sales from 1996, as Japanese tourists have lost the yen for duty free spending. No wonder LVMH has ended discussions to buy out Mr Robert Miller's 39 per cent minority shareholding in DFS – given the direction of profits, there is no hurry.

At least the luggage business continues to power ahead after slightly slower growth last year. But the problem for LVMH is that its shares are trading at a 20 per cent premium to the French market's price-earnings ratio, based on 1997 forecasts, while earnings are growing at half the market average. The DFS acquisition looks sensible, but the benefits are too long-term to justify that kind of premium.

LucasVarity

One can hardly fault LucasVarity for introducing a share buy-back programme – its shares are getting cheaper by the day. They have now underperformed the stock market by 25 per cent since the two car parts groups announced their merger last June.

On the face of it, that seems harsh. According to Mr Victor Rice, the chief executive, all the group's businesses are performing ahead of plan and £120m of merger savings are on track. Even assuming only modest volume growth, that should propel margins into double figures by 1999, fuelling earnings increases of over 20 per cent in each of the next two years.

But where Mr Rice sees a future as pink as the tracksuits he is reported to favour for transatlantic travel, investors are more sceptical. In today's flat car markets it will be difficult for the group to hang on to all the predicted savings. And LucasVarity risks running into a cyclical downturn just as the boost from restructuring peters out. Nor has the group won many friends with the conflicting messages it has sent out about its distribution policy – despite this year's forecast £150m payout, a mixture of dividends and buy-backs, being much higher than expected.

Longer term, LucasVarity must decide if it can really run comfortably on seven legs, spanning *brakes, electronics, diesel* engines and aerospace. But right now, Mr Rice needs to deliver the promised operational improvements if he wants to add some economic value.

Additional Lex note on UK flotation windfalls, Page 22

India pursues financial changes despite upheavals

By Tony Tassell in Bombay

India's central bank has announced a package of bold measures to continue reforming the country's financial markets.

Analysts said the announcement by the Reserve Bank of India in Bombay sent a strong signal that reform would continue in spite of the political turmoil in New Delhi. Last Friday, the government received a vote of no confidence.

The financial market reforms, revealed in the RBI's half-yearly announcement on monetary policy, are aimed at lowering interest rates, giving *banks more freedom to lend,* establishing a benchmark interest rate, deepening the foreign exchange market and encouraging the development *of India's debt market.*

"[The announcement] is a very clear sign of economic maturity," said Mr Shitin Desai, managing director at brokers DSP-Merrill Lynch. "Significant decisions are still being taken regardless of the political turmoil. This may not have happened a few years ago."

The RBI also signalled cuts in interest rates by freeing bank funds for lending and reducing the maximum interest rates on term deposits with a maturity of between 30 days and one year.

The bank gave no indication of the expected cuts, but analysts said bank lending rates to companies should soon fall by 0.5-1 percentage points. Prime lending rates for India's large public sector banks are about 14.5 per cent.

The RBI added that it intended to reduce inflation in the year to March to about 6 per cent, from 7.3 per cent in 1996-97, through tighter mone*tary policy.*

Mr C. Rangarajan, governor of the RBI, said economic growth would be sustained at 6-7 per cent – in line with the 6.8 per cent recorded in 1996-97. He said the measures should see bank credit growth rebound to about 20 per cent this year, from 10 per cent last year, helping to fuel economic growth.

Indian banks would be allowed to determine the maximum loan exposure to a company, within overall norms, ending fixed ratios of assets to liabilities which are widely criticised as bureaucratic.

The RBI also moved to establish a benchmark interest rate based on a so-called "bank rate", the interest rate at which refinance is available to banks from the central bank. The RBI said in future it would *signal changes in monetary* policy through this rate, currently at 11 per cent.

The move is also expected to aid the development of the *debt market in India which* would boost funding for infrastructure projects.

UF and Congress near to *compromise*, Page 8

Chip sales

Continued from Page 1

charges. Net income was $138m, or 70 cents a share, compared with $132m, or 68 cents a share, in the first quarter last year. Total revenues from continuing operations dropped 15 per cent, from $2.7bn to $2.3bn.

During the quarter, Texas Instruments sold its notebook computer business to the Acer Group of Taiwan. It is also in the process of shedding its defence electronics business.

Gazprom bows to reform

Continued from Page 1

Mr Viakherev said the company might be forced to borrow heavily to pay its taxes.

Gazprom's finances have been hard-hit by the payments and barter crisis which has infected the entire Russian economy.

In the first quarter of this year, Mr Viakherev said, Gazprom was paid for only 45 per cent of gas it shipped, and a mere 5.7 per cent of settlements were in cash. Foreign investors welcomed the announcements and said they were a sign that the government's new reform drive was sweeping through the entire economy.

"It is absolutely the right thing to do," said Mr Stephen O'Sullivan, oil and gas analyst at MC Securities.

"The winds of change are blowing even through the giants of the old Soviet economy, like Gazprom."

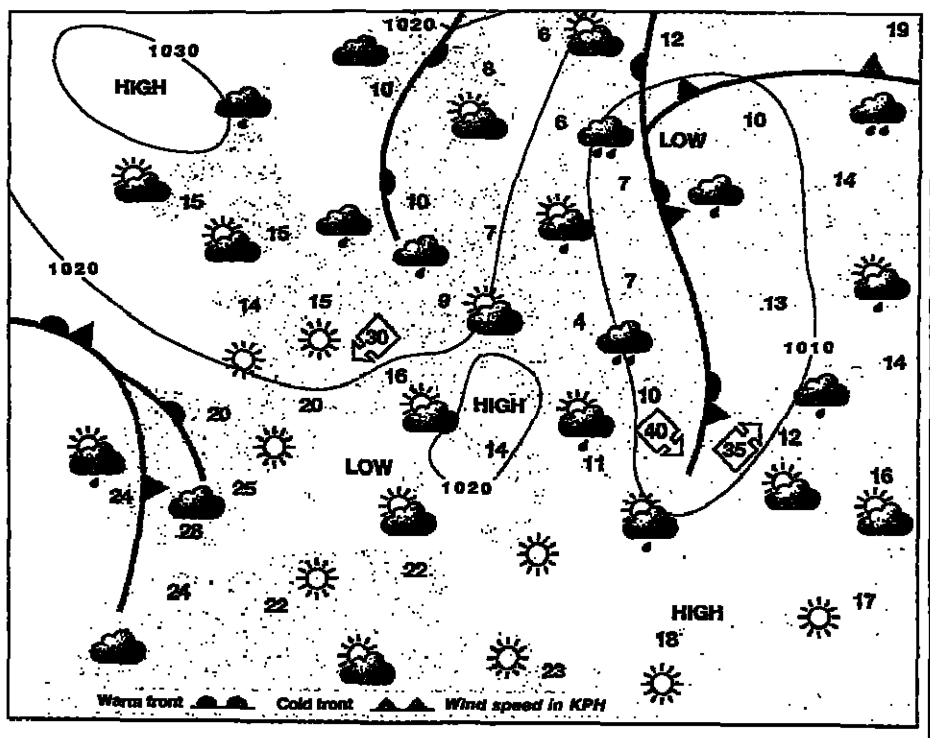
FT WEATHER GUIDE

Europe today

The UK will be mostly cloudy with drizzle in the north.
France and northern Spain will be sunny and dry.
Portugal and south-western Spain will be cloudy with some showers.
Italy will become dry and sunny.
Cloud will linger north of the Alps and there may be some snow.
Germany and Poland will turn dry.
The Balkans and Black Sea region will be windy with showers.
Romania will have heavy rain followed by blustery showers.
Large contrasts in temperature in eastern Europe will cause heavy rain in Belarus and the Baltic states.

Five-day forecast

High pressure near the UK will gradually move eastwards, bringing sunshine and warmer temperatures to the Benelux and France.
Spain will be showery.
Central Europe will be calm and mainly dry.
South-eastern Europe will stay unsettled and windy.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

	Maximum	Beijing	fair 18	Caracas	fair 29	Faro	cloudy 22	Madrid	fair 26	Rangoon	fair 36
	Celsius	Belfast	cloudy 14	Cardiff	fair 14	Frankfurt	cloudy 11	Majorca	sun 21	Reykjavik	drzzl 9
Abu Dhabi	sun 31	Belgrade	cloudy 7	Casablanca	fair 22	Geneva	sun 15	Malta	sun 18	Rio	fair 30
Accra	fair 32	Berlin	cloudy 8	Chicago	fair 6	Gibraltar	fair 19	Manchester	cloudy 14	Rome	fair 17
Algiers	sun 22	Bermuda	shower 20	Cologne	cloudy 10	Glasgow	cloudy 14	Manila	fair 32	S. Frsco	fair 22
Amsterdam	drzzl 10	Bogota	shower 18	Dakar	sun 25	Hamburg	cloudy 10	Melbourne	fair 20	Seoul	cloudy 17
Athens	fair 18	Bombay	sun 32	Dallas	fair 24	Helsinki	fair 7	Mexico City	shower 26	Singapore	cloudy 31
Atlanta	fair 22	Brussels	cloudy 10	Delhi	sun 32	Hong Kong	fair 25	Miami	thund 27	Stockholm	fair 7
B. Aires	fair 27	Budapest	shower 7	Dubai	sun 30	Honolulu	fair 29	Milan	sun 15	Strasbourg	cloudy 13
B.ham	cloudy 14	C.hagen	fair 8	Dublin	cloudy 15	Istanbul	thund 14	Montreal	cloudy 11	Sydney	fair 22
Bangkok	fair 37	Cairo	sun 21	Dubrovnik	cloudy 11	Jakarta	fair 31	Moscow	cloudy 13	Tangier	fair 24
Barcelona	sun 19	Cape Town	sun 23	Edinburgh	cloudy 12	Jersey	fair 13	Munich	drzzl 9	Tel Aviv	sun 17
						Karachi	sun 33	Nairobi	fair 25	Tokyo	fair 16
						Kuwait	fair 30	Naples	sun 14	Toronto	rain 10
						L. Angeles	sun 24	Nassau	fair 29	Vancouver	rain 13
						Las Palmas	fair 23	New York	sun 18	Venice	sun 13
						Lima	fair 25	Nice	sun 19	Vienna	drzzl 6
						Lisbon	fair 24	Nicosia	fair 19	Warsaw	shower 7
						London	fair 15	Oslo	fair 12	Washington	fair 19
						Lux.bourg	cloudy 10	Paris	sun 15	Wellington	fair 14
						Lyon	sun 15	Perth	fair 29	Winnipeg	fair 4
						Madeira	shower 20	Prague	shower 4	Zurich	sun 10

PORTUGAL: BANKING AND FINANCE

Portugal is now closer to meeting monetary union targets than any other southern European nation – the result of a gradual and steady process of financial discipline. **David White** and **Peter Wise** report on a strikingly novel situation

Lisbon takes the lead in Emu race

The determination of the governments of Portugal and Spain to be in at the start of the European Union single currency is not to be underestimated. The two countries were excluded from the main action in Europe for long periods before their accession in 1986, and their bid for inclusion in monetary union – if and as soon as it happens – is as much a political as an economic ambition.

In both countries, minority government parties share this central aim with the main opposition, and have staked a lot on the outcome a year from now, when the decision on participants needs to be made if the euro is to start operating in January 1999.

The risk of being sidelined looms that much larger for Portugal, as a small country on the south-western periphery of an EU in the process of moving its centre of gravity more to the north and east. But, in a mood of economic optimism not seen in the country since the initial years of EU membership, it is now the closest of any of the southern European nations to fulfilling the qualification targets for monetary union.

This is not something many would have predicted, given the notorious laxness of economic management that marked democratic Portugal's early years following the 1974 revolution. It is a strikingly novel situation when you find a Portuguese central bank governor more worried about Germany's chances of meeting the criteria than about Portugal's.

A recent surge of growth has helped to spare Portugal the economic pain and social and political tension that were widely forecast as a consequence of its effort to qualify. Its preparation can be seen as going back further than Spain's or Italy's – a gradual and steady process of financial discipline begun under the last centre-right premiership of Mr Aníbal Cavavo Silva and continued by the Socialist government of Mr António Guterres which replaced it 18 months ago.

In terms of long-term interest rates and the stability of its escudo currency, Portugal is already within the requirements for the euro. Economists believe the government can achieve its aim of reducing the budget deficit to 2.9 per cent this year, inside the target limit. For all but one of the last 10 years, Portugal has performed better on its budget than forecast, including last year when the outturn was 4 per cent. It has achieved this not so much by spending cuts as by more effective tax collection.

The government still has some leeway, having found ways of squeezing companies out of about Es100bn to date, from an estimated Es450bn of unpaid tax and social security contributions – a backlog equivalent to two-thirds of the country's 1996 budget deficit.

Inflation, the factor that the government and the Bank of Portugal have been most worried about, has been close to a 12-month rate of 3 per cent but is expected to fall towards 2 per cent in the coming months, a rate not seen in Portgual since the 1960s. The central bank is "quite sure" the average rate for the year, which is what counts for the euro, will be below 2.5 per cent, close enough to the EU's lowest-inflation countries to pass.

This leaves only public debt, at 64 per cent of gross domestic product, outside the 60 per cent target, but relatively close and decreasing as revenues come in from privatisation, a programme being pursued by the Socialist government with no less resolve than its predecessor. The government's plans anticipate a debt of below 60 per cent in the year 2000, with inflation and deficit figures of less than 2 per cent.

Mr António Sousa Franco, finance minister, insists that it would be "politically viable" for Portugal to join the euro if necessary ahead of Spain and Italy, or with Spain and without Italy. Whether or not this proves correct, there is at least no longer any danger of Portugal being left out on its own.

"There is no reason why we should not present our case as an independent," says Mr Sousa Franco. Portugal's reading of the Maastricht treaty is that if it fulfils the conditions "we are not only entitled but obliged to join."

The possibility of a one- to two-year postponement for southern countries, subject to firm guarantees, has been gaining currency among analysts in Lisbon. But they warn that this would push Portugal into further delay in tackling necessary reforms in areas such as social security and labour practices.

Mr Rui Martins dos Santos, economist at the BPI banking group, believes the government is waiting to be safely inside a single-currency zone before risking potentially unsettling measures. "The clock is ticking," he says.

The government is also concerned that a delay, either in monetary union itself or Portugal's inclusion in it, could erode public support. Communist posters against the single currency are a reminder of anti-Maastricht sentiments to both the left and the right of the two main parties.

Portugal's financial sector has so far been slow in readying itself for the changeover. Monetary union implies not only significant adaptation costs but also deep changes for the banking industry and capital markets. The concentration that has already taken place among Portuguese banks – with five groups now occupying about 80 per cent of the market – could have some way still to go.

On the other hand, the prospect of monetary union – or rather the credibility gained in Portugal's efforts to reach that goal – has had a decisive impact on economic confidence. Mr Miguel Namorado Rosa, chief economist at Banco Comercial Português, now sees "a very bright picture" – strong growth momentum, low inflation, productivity gains, higher real wages, a revival in export orders, increased foreign investment plans and creation of new jobs.

A sharp acceleration late last year brought annual growth to about 3 per cent, and official forecasts for this year have been raised to 3.3 per cent, considered by some to be an underestimate.

Investment in equipment and construction is backed up by a change of mood among consumers. Earlier fears that the new political era would bring higher taxes, instability and more unemployment have dissolved. And rates on consumer loans are roughly half what they were two years ago.

But how long will this pattern of low-inflationary expansion last? Recent growth has been sustained by the coincidence of several big projects – Ford and Volkswagen's joint production plant, the new Tagus road bridge, highways, natural gas, next year's Expo in Lisbon. The Expo alone is expected to provide 1-1.5 per cent of GDP growth this year – and much the same next year. But this series of projects will mostly be finished by the turn of the century.

Portugal will then face more difficult times. New central European entrants to the EU, with income levels even lower than Portugal's (which is about 67 per cent of the EU average), will make the same kind of claims on EU solidarity as the Iberian countries did a decade ago.

Portugal is counting on one further framework agreement on aid beyond the present one, which lasts until 1999. This brings gross transfers of structural and cohesion funds equivalent to about 3 per cent of its GDP. A banker involved in financing Portugal's biggest infrastructure projects says these would be "probably unviable" without EU funding.

At the same time, trade liberalisation will make its full impact in the early 2000s, affecting traditional labour-intensive sectors such as textiles, clothing and footwear.

The government, and in particular Mr Augusto Mateus, the economy minister, aims to take the country off the defensive, in a drive to increase Portuguese companies' international presence and increase their negligible investment abroad.

Mr Mateus wants the country to break with its "passive attitude towards globalisation", adopting a new approach not only in business but also in foreign policy. It will, he says, mark Portugal's "coming of age" in the modern economic world.

The Discoveries monument, Lisbon: Portugal is developing a new international role. Report, Page 5 *Picture: João Bato/Spir*

ECONOMIC SUMMARY	1993	1994	1995	1996 estimate	1997 forecast
Total GDP ($bn)	85.6	88.0	98.6	101.5	104.1
GDP per head ($)	8,680	8,928	10,001	10,282	10,557
Real GDP growth (% change)	-1.2	0.8	2.3	3.0	3.3
Industrial output (% change)	-4.4	-0.2	4.3	3.0	3.5
Investment (% change)	-7.6	4.2	2.8	4.0	4.3
Inflation (%)	6.5	5.2	4.1	3.1	2.5
Trade balance ($bn)	-8.1	-8.1	-8.5	-8.9	-9.4
Current account ($bn)	0.2	-1.5	-0.2	-1.1	-1.2
Current account (% of GDP)	0.3	-1.7	-0.2	-1.1	-1.2
Import cover (months)	7.9	7.0	5.9	5.5	5.3
Foreign Direct Investment ($bn)	1.5	1.3	0.5	1.0	1.0
FDI (% of GDP)	1.5	1.4	0.5	1.0	1.0
Budget balance (% of GDP)	-7.0	-5.8	-5.2	-4.0	-2.9
External debt (% of GDP)	7.3	8.8	9.8	11.4	11.5
Foreign reserves ($bn)	15.8	15.5	15.9	16.0	16.8
3-month interest rate (%)	11.0	10.4	9.0	6.8	6.7

Sources: Finance Ministry; IMF, Bank of Portugal; National Statistics Institute; ING Barings

IN THIS SURVEY

Production Editor: Philip Sanders

2 PORTUGAL: BANKING AND FINANCE

THE ECONOMY • by Peter Wise

A crescendo of confidence

Portugal is enjoying a robust period of economic expansion

Portugal's buoyant economic climate is so tangible that you can literally feel it in the air. Clouds of gritty dust, raised by huge construction projects fuelling expansion at a faster rate than even the most confident government forecasts, pervade large areas of Lisbon.

Other cities are reverberating in the same way to the din of bulldozers, cranes and pneumatic drills in a crescendo of infrastructure building that will reach its climax next year with the opening in the capital of both the Expo 98 world fair and an 18km road bridge over the Tagus estuary.

"Growth has clearly been underestimated," says Mr Miguel Namorado Rosa, a senior economist with Banco Comercial Português. "The acceleration is so sharp that it has become difficult to quantify."

He believes the economy is currently expanding at a rate of 4-6 per cent and that, even allowing for a slowdown in the second half of 1997, annual average gross domestic product growth could be above 4 per cent this year. The government has more cautiously revised its forecast upwards from 2.75 to 3.3 per cent.

Although assessments of the exact pace of growth differ, analysts agree that Portugal is enjoying its most robust period of economic expansion since the mid-1980s, when, together with Spain, it joined what later became the European Union.

Mr António Sousa Franco, the finance minister, forecasts steady GDP growth at an average of just over 3.3 per cent a year to 2000, with capital investment growing annually by more than 6 per cent. Projects such as Expo, which some economists believe could account for more than one percentage point of GDP growth this year and next, will help keep domestic demand growth buoyant at 3.2 per cent a year or more.

Other big infrastructure investments include the new Es180bn Vasco da Gama bridge, a rail crossing under another Lisbon bridge, a natural gas pipeline and, in the future, a huge irrigation and hydro-electric dam project at Alqueva, on the Guadiana river close to Spain, and a third Lisbon airport.

Strong growth is being achieved against a background of falling inflation and fiscal discipline. Most economists, however sceptical in the past, have come to share the government's confidence that Portugal will meet the convergence criteria for economic and monetary union.

Mr Sousa Franco has set stringent targets for a drop in annual average inflation from 3.1 per cent last year to 1.8 per cent in 2000 and for a cut in the budget deficit from 4 per cent to 1.5 per cent of GDP over the same period. Public debt is projected to fall from 65.4 per cent of GDP to 59.4 per cent.

These ambitious goals, viewed by some economists as an unnecessarily severe restraint on growth, are part of the government's 1998-2000 programme for "convergence, stability and growth". The plan underlines Portugal's commitment not only to meeting the Emu criteria but also to sustaining fiscal rigour.

Government's economic forecasts (%)

	1997	1998	1999	2000
Real GDP growth	3.3	3.5	3.3	3.3
Gross fixed capital investment growth	7.4	6.3	6.2	6.1
Domestic demand growth	3.5	3.3	3.2	3.2
Export growth	8.4	9.9	8.8	8.8
Import growth	8.0	8.4	7.7	7.7

Source: Official figures

GDP growth began to accelerate rapidly from mid-1996, stimulated by sharp rises in investment in public works and capital goods. These are now estimated to be expanding at rates of 11-15 per cent and 10-12 per cent respectively.

The strength of the surge was unexpected. Mr António de Sousa, the governor of the Bank of Portugal, says growth in 1996 was initially underestimated because the EU economy as a whole expanded faster than was generally forecast and partly because bad weather in the first quarter hit construction, negatively affecting projections for the year.

He says the central bank will be revising its estimate of 1996 GDP growth upwards from 2.5 per cent to 3 per cent or slightly more, in line with the latest government estimate, another upwards revision, of 3 per cent. The bank's forecast for 1997 growth, due to be published in April, was expected to be between 3 and 3.5 per cent.

Private consumption growth, estimated at more than 2.5 per cent in 1996 and 1997, is also more robust than forecast, despite only modest increases in real wages. Consumption has gathered momentum as fears faded that the election of a Socialist government in October 1995 would lead to tax increases and greater unemployment.

Falling interest rates have also discouraged saving and stimulated borrowing. Consumer credit is more widely available and rates have fallen to 12-14 per cent, compared with about 25 per cent only two years ago.

Beyond the bright medium-term outlook for strong, non-inflationary growth, darker clouds loom on the horizon. The impact of trade liberalisation after 2000 will confront Portugal's traditional industrial sectors, particularly textiles, garments and footwear, with difficult challenges, says Mr Rui Martins dos Santos, a senior economist with Banco Português de Investimento.

A pronounced slow-down in public works is also expected after 1999, when the current EU structural aid programme for Portugal ends and the country begins competing for development grants with new EU entrants from central and eastern Europe.

Responding adequately to these pressures will demand a more flexible labour market. Job losses could increase. The official unemployment rate of 7.3 per cent is one of the lowest in Europe, but economists estimate the real level is closer to 10 per cent, because monthly statistics do not include those who did not actively seek a job in the previous four weeks. However, Mr Martins dos Santos says Portugal's participation in the single European currency would make its low wage levels more visible, attracting more overseas investment and creating new jobs.

The government is also widely perceived to be postponing action on essential structural reforms until after joining the euro, with potentially serious long-term consequences for the economy. The main areas of concern are social security, health, education and labour market reform.

Mr Sousa Franco sees no conflict between the budgetary rigour he is exercising to meet the Emu criteria and his government's programme for structural reform, believing both can be achieved simultaneously. But the government's achievements to date have been predominantly fiscal and several important structural reforms may have to wait until this policy has attained its goal of participation in the euro.

"Most European countries face the same kind of structural problems," says Mr Martins dos Santos. "Theoretically the sooner they are tackled the better. But from a practical point of view it is probably better for Portugal to correct them once we are part of the euro than to risk attempting them before."

THE STOCK MARKET • by Peter Wise

Reasons to celebrate

The BVL-30 index gained almost 20 per cent in the first three months of 1997

Developed market: the Lisbon stock exchange Picture Lydia van der Meer

Champagne corks should be popping at the Lisbon stock exchange, the Bolsa de Valores de Lisboa (BVL), later this year to mark the official recognition of Portugal's transition from an emerging to a mainstream European equity market. Other causes for celebration are likely to keep the wine flowing.

The market's main share price index, the BVL-30, gained almost 20 per cent in the first three months of 1997 – on top of a 34.8 per cent rise last year – and some brokers see the possibility of a 30 per cent increase for the full year. In June, an initial public offer of Electricidade de Portugal, the national power utility, will lift the market to new levels in terms of size and diversity.

Lisbon will be officially re-rated as a developed market when the BVL, currently included only in emerging market indices, is given a mainstream weighting by indices such as Morgan Stanley Capital International (MSCI) and FT/S&P Actuaries. The common sentiment among brokers is that this will happen before the end of 1997.

"From about mid-1996, many of the big international funds have been assigning mainstream market specialists to Portugal in addition to, or instead of, their emerging fund managers," says a Lisbon broker. "This is a clear indication of the trend to reclassify Portugal as a developed European market."

The transition should substantially increase trading volume in Lisbon. International funds that have not previously invested in Portuguese shares will almost automatically allot part of their portfolio in accordance with the weightings Lisbon is given by mainstream indices. Benefiting from the best of two worlds, Portugal is expected to attract overseas investment directed at both emerging and developed markets during a transitional period.

Lisbon's reclassification will be determined by the BVL's size, in terms of market capitalisation and trading volume, as well as by the balance of listed companies and its regulatory environment.

Total market capitalisation grew from $8.4bn in 1987 to $25.5bn at the end of last year, the equivalent of about one seventh of the Spain's total capitalisation. Analysts judge $30bn as approximately the minimum level for a market to be included in the mainstream indices. Share prices increase this year have already taken Lisbon's market capitalisation to roughly that amount.

In June, about 30 per cent of EDP is to be floated in Portugal's biggest privatisation to date, adding a further $2bn or more to the market's total capitalisation. "The EDP offering will mark Portugal's coming of age as a first tier European stock market," says Mr Pierre Boulle, head of research as Lisbon brokers Fincor.

Privatisations have also helped produce a substantial increase in trading volume, another important qualification for a mainstream market. Total annual turnover rose dramatically in 1996 to $4.8bn, up 68 per cent on 1995. Average daily turnover in the first two months of 1997 was $51.2m, up from $23.7m last year.

The EDP sale will help lift turnover further and attract new investors to the market. About half the offer is expected to be reserved for retail investors. To date, only about 1 per cent of the Portuguese population has bought shares in privatisation offers and equities account for less than 10 per cent of domestic pension fund assets.

EDP, which will become the biggest company listed on the BVL, will also bring greater balance to Lisbon market. After being dominated by banks for a long period, the BVL has expanded to include more utilities and industrial companies, reflecting the underlying economy more accurately.

Banks, which accounted for 55 per cent of total market capitalisation in 1993, now represent 34 per cent and are expected to fall to about 25 per cent after the EDP offer. Telecommunications are forecast to account for 26 per cent after a third global offering of Portugal Telecom later this year.

Security market authorities are also completing the regulatory liberalisation and modernisation of the Lisbon market. "Over the past few years, Portugal's legal and regulatory environment has moved in line with other European markets in regard to reporting, information, dividends and several other important areas," says Mr Emmanuel de Figueiredo, an analyst with Banco Português de Investimento.

Earlier this year, the suspension of stocks for as long as four days for dividend payment was abolished. Dividends are now paid before trading begins and no suspension in the trading of the stock is required.

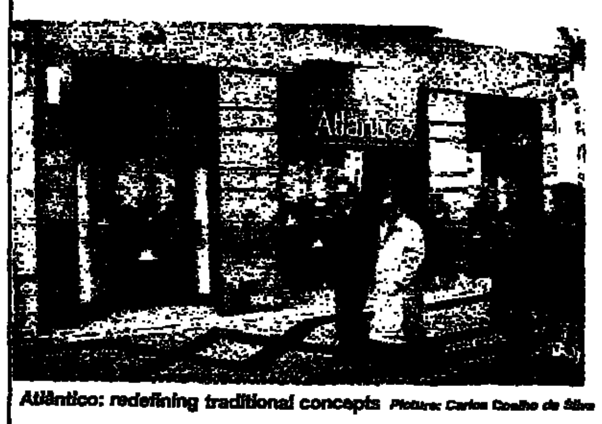
Short selling, the selling of stocks not owned in the hope of buying them later at a lower price, is also to be permitted before the end of 1997. This, together with the opening of a "repo" market, will be an important stimulus for the Oporto derivatives market, whose main contract, the PSI-20 stock index, has helped attract new investors to the Lisbon cash market.

The 1997 outlook for earnings is buoyant. BPI forecasts average earnings per share growth of about 20 per cent, slightly higher than in Spain and above consensus estimates for the world average. "After a period of sluggish growth, companies will benefit from productivity gains resulting from the higher capacity utilisation that comes from stronger economic growth and slimmer cost structures," says Mr de Figueiredo.

Even amid expectations of higher long-term bond rates, analysts believe Lisbon will benefit from sufficient earnings and dividend growth to sustain a rise in prices and a contraction of the average price-earnings ratio to below 16.5 at the end of 1997, from 17.5 a year earlier.

"Our conservative estimate for the average price rise in 1997 is about 20 per cent," says Mr Figueiredo. "But if the EDP offer is priced well and Portugal is re-rated as a developed European market, we could see a 30 per cent increase."

PROFILE Atlântico



Atlântico: redefining traditional concepts Picture: Carlos Coelho da Silva

Pioneering shake-up for network

A mortgage specialist at *Banco Português do* Atlântico's main offices in Lisbon is explaining the intricacies of loan to a customer at one of the bank's Faro branches, 300km south of the capital on the Algarve coast. She smiles warmly and points to a table of lending rates.

They have been brought face to face by the videoconferencing facilities that BPA is installing across the country, part of a pioneering re-launch of its retail network that is radically redefining the traditional concept of a bank branch.

Banco Comercial Português, which acquired BPA in 1995 to become Portugal's biggest private-sector financial group, aims to breathe new life into a bank that, although one of the biggest and best-known in the country, had stagnated to the point of alienating customers and disheartening staff.

"Our aim is to transform BPA from a bank into the country's best retailer of financial services," says Mr Pedro Alvares Ribeiro of the BCP-BPA group.

The venture illustrates how increasing competition is stimulating Portuguese banks to diversify distribution channels and seek innovative ways of providing services. Other initiatives include two joint ventures between banks and big retail distributors to set up networks of bank branches in supermarkets, as well as telephone banks and insurance companies that have no branches at all.

Under the abbreviated brand name Atlântico, BPA has been reborn with a futuristic new image and high-tech branches reminiscent in design of the most stylish Internet sites. More importantly, BCP-BPA has re-engineered the way branches work and supplied the technology and training for a new form of relationship between bank and customer.

The most striking characteristic about the new branches is the absence of the traditional counter. Customers walk into an open space where they are greeted by employees, sometimes standing at small, moveable desks. If their queries or requirements cannot be immediately met, they are directed to glass-screened compartments for individual attention.

At the entrance to each new branch is a large area, open 24 hours every day, housing a series of automatic teller machines (ATMs) where customers can use debit, credit and electronic cash cards to carry out almost all the withdrawals, deposits, transfers and consultations that were traditionally made over the counter.

Information technology is one of the areas where Portugal, benefiting from being a late starter, has been able to "leapfrog" from obsolete to cutting-edge technologies. The country has developed one of the world's most advanced ATM networks – called the Multibanco system – a national network that enables holders of debit cards from any Portuguese banks to use any ATM for a wide range of operations, from paying utility bills to booking a railway ticket.

"Almost 230m transactions were made through the Multibanco ATM network in 1996 and a further 123m at points-of-sale in shops and other service outlets," says Mr Filipe Santos, managing director of *Sociedade Interbancária de Serviços* (Sibs), a company jointly owned by more than 30 banks that operates the Multibanco system as a shared network.

Using this network, Sibs also operates the world's first national "electronic purse" system, which dispenses with the need to carry cash, and a no-stop motorway toll paying procedure that enables motorists to drive straight though toll stations.

Information from a special "patch" on the vehicle windscreen is electronically processed and the charge automatically transferred from their bank account to the motorway operator. Regular statements follow in the post. More than 68m stops to pay tolls were avoided last year, thanks to this system.

Telecel, a cellular phone operator, has also linked up to the Multibanco network so that its subscribers can pay bills or consult their bank accounts from their mobile phones.

Atlântico mobilises the national ATM network and the BCP-BPA group's own information systems to provide a complete automated banking service.

Through the videoconferencing system, a Lisbon-based team of experts, specialising on different financial products from investment funds to insurance, is available for immediate personal consultations with customers all over the country, including the bank's most remote branches.

Automation makes everyday bank operations easier and frees staff to spend more time with customers who need personal attention. The Atlântico project also envisages a 20 per cent reduction in employees per "shop", as the bank calls its remodelled branches, compared with previous staffing levels.

One of the most important benefits of the project, which was launched last year, has been to motivate employees. The group was concerned that BPA staff had grown apathetic and discouraged because of the bank's previous lack of direction. Now, staff compete for places in the new-style branches. Employees are trained in the new approach before being transferred and their work performance improves substantially once they move, the bank says.

The group aims to invest Es10.7bn by the end of 1997 in opening 268 of the new Atlântico shops, transforming almost completely the BPA network of almost 300 branches. Only 13 of the new outlets will have been set up from scratch, the others are existing BPA branches that have gone through varying degrees of rebuilding and redesign.

A principal objective is to "turn bank transactions into sales", say Mr Alvares Ribeiro.

The group believes the new concept will significantly increase the potential for cross-selling financial products and help change bank employees who previously responded passively to customers into a pro-active sales force.

In addition to attracting new customers, Atlântico, hopes its renaissance will stimulate a fresh interest in the bank's products and services among 300,000 "dormant" account holders.

Peter Wise

BANKING • by Peter Wise

Sector has been radically reshaped

Portugal's banks have been seeking greater critical mass in readiness for Emu

A series of ambitious takeovers involving an outlay of more than Es680bn ($4bn) has radically reshaped Portugal's banking sector over the past two years, bringing more than 80 per cent of total assets under the control of five groups.

But even bigger mergers and acquisitions could be on the way as banks prepare for the single European currency.

"In the future, we are likely to see only two big banks in Portugal, with a market share of about 40 per cent each," says a Lisbon banker. "Further consolidation is crucial for banks to achieve the productivity gains and dimension that the recent series of acquisitions was aimed at."

Portuguese banks have been seeking greater critical mass in readiness for economic and monetary union when domestic currency barriers will disappear within a large group of European Union countries. Analysts believe this will favour the development of big regional rather than national retail banks in Europe and, in particular, force domestic merchant banks to refocus their business.

"The combined impact of the single currency, the development of new information technologies and financial deregulation are reshaping our competitive environment," says Mr Miguel Namorado Rosa, a senior economist with Banco Comercial Português. "The implications go beyond large corporations, multinational transfers and the capital markets. There will also be big changes down to the level of the retail account."

Whether future mergers in Portugal are voluntary or compulsory will depend on the relative capacities of different institutions, bankers say. The weak may be absorbed by the strong, or groups with complementary operations may decide to join forces.

Links already exist between some of the main Portuguese groups that some bankers believe could indicate the direction of future concentrations.

State-owned Caixa Geral de Depósitos, the biggest bank, is the biggest shareholder in Banco Português de Investimento, the fourth-largest, with a stake of about 6 per cent. BCP, the second-largest group, owns 20 per cent of Mundial Confiança, an insurance company that is part of the third-biggest group, which includes Banco Totta e Açores and Banco Pinto & Sotto Mayor.

"You already have the beginnings of a possible partnership between the BCP and BTA groups, which would together control about 35 per cent of total banking assets," says one banker. "The type of association that might develop could involve, as hypothetical examples, CGD acquiring perhaps 20 per cent of BPI, or BTA buying a core shareholding in BCP. Everything is possible if these groups start to deepen their relationships."

Consolidation of this kind implies privatising CGD, which accounts for about 24 per cent of banking assets and is Portugal's only remaining state-controlled financial group.

In an extensive privatisation programme that extends to 1999, the Socialist government emphasises that 100 per cent of CGD and, indirectly, its subsidiary Banco Nacional Ultramarino will remain in state hands. But ultimately the sale of at least part of CGD is "only a matter of time," according to one analyst.

Selling off CGD, a national reference as a saving bank, mortgage provider and source of civil service pay cheques, will be a sensitive issue, not only politically. Mr Rafael Valeverde, a director at Banco Essi, the investment banking arm of the Espírito Santo financial group, says CGD is of strategic value to the state as a surrogate for managing economic variables that are outside the scope of the government budget.

The timing of further concentration is difficult to forecast, but large-scale initiatives are not expected in the short term. The big acquisitions of the past two years, which have made BCP, BPSM-BTA, and BPI the dominant private-sector groups, have not yet produced the productivity and efficiency gains they were aimed at, and extensive work on reorganisation and integration lies ahead.

None of the acquisitions were agreed sales, making the task of assimilation more difficult. The banks also face cultural resistance to their restructuring efforts in Portugal, where society is not accustomed to the cutbacks and streamlining that generally follow mergers and acquisitions.

Analysts expect about 15,000 job losses in the banking sector over the medium term, reducing the total workforce from about 60,000 to 45,000. "The prejudices against restructuring will tend to fall apart in a year or two," says a Lisbon analyst. "The concentration process will probably then focus more on enhancing productivity."

Despite the difficulties, banks are successfully introducing more sophisticated products. "Over the past two years we have made progress in shifting customer deposits from traditional bank deposits to mutual funds," says Mr Namorado Rosa. "In an environment of stable capital markets, we have educated customers to accept higher but acceptable levels of risk in exchange for a better rate of return."

The real challenge, he says, is that within two to three years, customers in Portugal and elsewhere will be able to invest directly in British or US mutual funds, for example, or secure a mortgage loan abroad, without the need for intermediation by a local bank. Banks will have to reassess their competitive positions, objectives and resources and rethink their portfolios of products and services.

Domestic merchant banks face a particularly strong threat, according to some analysts. After the launch of the euro, companies and banks will be able to raise more finance directly from capital markets, relying less on bank funds, an important area of activity for merchant banks in Portugal.

Trading in escudo debt paper will also disappear. "Bond trading, which will become global instead of national, is an important area in which Portuguese banks will have to think carefully about their strategy," says Mr António de Sousa, governor of the Bank of Portugal.

Merchant banks will suffer more from the disintermediation process too. Powerful international competitors, with more resources, will be able to access the market more easily, without investing heavily in a local presence.

PRIVATISATION • by David White

Socialists set the pace

The EDP electricity utility offering will be the biggest sell-off to date

Privatisation is at its peak in Portugal. The programme, begun eight years ago, set a record last year with revenues for the state of almost $8bn, and it is on its way to beat that level this year.

Bit by bit, the wide-ranging state holdings enshrined in Portugal's 1976 constitution as "irreversible conquests of the working classes" have found their way back to private-sector ownership. To date, the process has included companies as diverse as bus operators and breweries, and the transfer of three-quarters of the country's banking sector.

The Socialist party, elected to government 18 months ago after a decade out of power, has shown itself to be an enthusiastic convert to privatisation. The programme has, if anything, moved ahead faster than under the centre-right government which began it.

"This government has definitely set the pace of things – to everybody's surprise," comments Mr Rui Costa Santos, managing director of UBS in Lisbon. He says it now has a "much better prepared" team dealing with the programme, working to standards "not seen before".

Excitement now focuses on the initial public offering, due in June, of shares in EDP-Electricidade de Portugal, the electrical utility. This will be by far the biggest privatisation to date. It will provide the stock exchange with its biggest company by market capitalisation, and could well create the largest shareholder base of any Portuguese corporation. A large part of the issue is expected to be reserved for retail investors.

Up to 49 per cent is authorised to be sold – a packet which would be worth some $4bn, equivalent to Portugal's general government deficit for last year. But the first offering is expected to be kept to about 30 per cent, allowing the state to reap the benefit of any subsequent price rise for a second tranche.

Global co-ordinators are Banco Português de Investimento (BPI), Goldman Sachs and ABN Amro Rothschild.

This is due to be followed in the autumn by a third tranche of shares in Portugal Telecom, in which the state still holds 51 per cent after successful global offerings in 1995 and 1996. It is expected to divest a further 26 per cent, possibly with up to a 5 per cent of that being sold directly to a strategic partner, and the remainder on the market.

These two issues alone should easily exceed the Es500bn initial target set by government for privatisation revenues this year. In the interval between them, a smaller sale might be made, possibly a partial privatisation of the motorway concession company Brisa.

The government has also been negotiating with Saudi Aramco on plans for the Petrogal oil group, where the state now holds 55 per cent. The Saudi producer is expected to take up about 35 per cent through a capital increase.

Privatisation reserves

	Es bn
1993	86.2
1994	108.3
1995	374.3
1996	460.9
1997*	600.0

* forecast. Source: Banco Essi

Privatisation has already unravelled a large part of the nationalisation programme carried out in 1975, which covered such basic industries as chemicals, oil, steel and cement, as well as banking, insurance, transport, energy, beer and newspapers.

State preserves started to be lifted in 1983 but it was not until 1989 that the constitutional bar on disposals was lifted – in the first instance limited to a maximum of 49 per cent. The process began with the financial sector and breweries, only later extending to big industrial companies such as cement and paper-pulp.

Banco Nacional Ultramarino is one of only two banks which remain in the state sector

Flotations of former state companies have transformed the stock market. Offerings have met strong interest from abroad, from the country's growing mutual and pension funds, and from private investors encouraged by juicy tax incentives. According to Banco Santander de Negócios Portugal, the 17 privatised companies listed on the Lisbon market accounted for 56 per cent of total capitalisation at the end of 1996 and 60 per cent of market turnover during the year. Seven of the 10 most traded stocks came from the privatisation programme.

The arrival of EDP is seen as bringing more equilibrium to a market that has until now hardly reflected the structure of Portugal's economy. Utilities and banks are expected to be on roughly equal footing in future as the two main market sectors.

Mr Pierre Boulle of Lisbon brokers Fincor says the EDP offering will finally "break the barrier" and confirm Lisbon as a mature – and no longer emerging – market. "Portugal has grown up all of a sudden with privatisation," he says. "With EDP it will seal it."

The state has now fully disposed of all eight banks on the privatisation list. Last to go was a remaining 13 per cent stake in Banco Totta e Açores, now part of Mr António Champalimaud's financial empire, in an offering last November. Before that the government sold its 65 per cent in Banco de Fomento e Exterior to BPI, after first snubbing BPI's courtship. BPI went on to buy minority shares resulting from an earlier partial privatisation of BFE.

Only two banks, Caixa Geral de Depósitos and its subsidiary Banco Nacional Ultramarino, remain in the state sector, with no plan at present to privatise them. Because CGD is the biggest of Portugal's banks, this still leaves a relatively large state presence – according to Standard & Poor's, 24 per cent of total assets, 30 per cent of deposits and 27 per cent of loans. But then in the late 1980s the proportion was about 90 per cent.

Last year also saw Portugal Telecom's second privatisation issue, and the second of the leading cement producer Cimpor – the latter delayed after the first offering was botched in 1994. The government also sold control of the Tabaqueira tobacco group to Philip Morris of the US.

Sell-offs scheduled for 1998-1999, when the government aims to raise an average of Es400bn a year from privatisations, include sectors such as shipbuilding, gas, pulp and paper (already partly privatised), and the TAP-Air Portugal airline. Airport services are to be sold after being separated from air traffic control, and some rail services may also be hived off.

Although some of the revenues go towards repairing the finances of other public sector companies, they are earmarked primarily for reducing the debt Portugal accumulated after its 1974 revolution.

Mr António Sousa Franco, finance minister, says this should be the destination of 80 per cent of this year's privatisation earnings. The government aims to bring public debt down to the European Union target level of 60 per cent of gross domestic product by 2000, when the bulk of the sell-off programme will be over.

INTERVIEW António Sousa Franco, finance minister

A guarantor of rigour

The European Union risks diminishing the success of its single currency if the year that remains before a decision on the launch of the euro is spent in "bids, conjectures, forecasts and speculative hypotheses" about how the project will be implemented, warns Mr António Sousa Franco, Portugal's finance minister.

"If we are going to make almost a Shakespearean drama about 0.1 of a percentage point for one of the criteria for one of the countries, we are perhaps creating unnecessary trouble rather than establishing the stability that is required," he says.

"The message we should be giving to the markets and the general public is that the convergence needed for economic and monetary union is already there and we are now consolidating budgetary discipline and monetary stability – not, on the contrary, the anxiety of the message that perhaps convergence is not going to be achieved."

His opposition to excessively rigid "dialectical interpretations" of absolute compliance with the Maastricht Treaty convergence criteria applies to all candidate countries and is clearly not motivated by concern over Portugal's ability to meet the Emu targets.

"It is highly probable that we will fulfil all the criteria," he says.

Portugal is already complying with the Maastricht targets for interest rates and currency stability, and inflation – which was at an annual average of 3.2 per cent in February – will fall by April to a level assuring compliance, he says.

Stringent budgetary control would ensure that the fiscal deficit would be cut from 4 per cent of gross domestic product in 1996 to 2.9 per cent this year – just within the Emu target. Public debt had been falling steadily, lowered largely by revenues from an ambitious privatisation programme, and would be reduced to 64 per cent of GDP this year – 10 per cent lower than the forecast EU average.

Sousa Franco: expects a last-minute decision Picture: Jorge Simão

The decision by Mr António Guterres, the prime minister, to appoint as finance minister Mr Sousa Franco, a political independent and former president of the audit tribunal, has proved reassuring for Portugal's financial markets and business sector since the Socialist government took office 18 months ago.

Respected for his technical knowledge of national finances and disciplined approach to public spending, Mr Sousa Franco is seen as a guarantor of rigour in economic policy, reflecting the government's commitment to the budgetary discipline required to meet the Emu convergence targets.

He also shares Mr Guterres's aim of ensuring that the country's bid to join the euro, begun by the previous centre-right government, allows room for a social dimension to government policy. He has so far presented two budgets, both keeping Portugal on the road to Emu but also increasing spending on health, education and welfare without higher taxes.

Mr Sousa Franco is prepared for a year of intense debate and speculation in Europe on the decision to be made in the spring of 1998 on the launch of the euro, planned for the following January, and the countries that will participate. He expects a last-minute decision and rules out any earlier "agreement on what is to be agreed later" designed to ease the volatility of financial markets.

He believes the "legitimate speculation and instability of financial markets" over the euro is being manipulated by "short statements made here and there" that often amount to "direct attempts to intervene in the economic performance of other countries." Portugal is one of the countries he fears could be damaged.

Among the scenarios that have emerged in this way is that the participation of Italy, Spain and Portugal in the euro could be delayed for one or two years because of fears among some officials and politicians in northern Europe that they could damage the credibility of the single currency at its launch. Mr Sousa Franco deplores the idea.

"In terms of the euro, groups are formed in the same way as football leagues – according to points, not according to geographical location," he says. He is adamant that the decision on which countries join is made individually according to their compliance with the convergence criteria. The choice cannot be made on a regional basis.

He also brushes aside suggestions that southern European countries, even if they meet the Emu criteria, might be offered the possibility of voluntarily delaying their participation in the euro in return for an increase in EU aid or some other form of compensation.

"A commercial contract or transaction of this type is not possible with the European treaty," he says.

Mr Sousa Franco is strongly in favour of Italy and, particularly, Spain joining the euro from the beginning. But he says Portugal's economic performance is better and the government is fully prepared to participate without either country should they fail to meet the convergence criteria.

Portuguese companies would fear competitive devaluations by Spain if the peseta remained outside the euro and the escudo was in, he says. But after an initial period of turbulence these misgivings would subside.

"It has become clear over the past two to three years that the Spanish and Portuguese [currency] markets are connected but not subordinated markets," he says. "The escudo is an autonomous, self-sufficient currency. Portugal would be able to participate in Emu in a consistent and durable way even if Spain were outside."

Peter Wise and David White

INTERNATIONAL ROLE • by Peter Wise

Focus is on business and commerce

Portugal is aiming to establish a more balanced international position

The streets of Liaoyang, a poor industrial city in north-east China, were lined with hundreds of uniformed children waving flowers when Portugal's President Jorge Sampaio, heading a delegation of his country's leading businessmen, bankers and scientists, arrived in a long motorcade last March.

The arrival of Mr Sampaio, the first foreign head of state to visit the region, raised echoes of Portugal's 15th century voyagers, the first Europeans to trade with China. Although more than 400 years apart, the reasons for their journeys were identical: business and commerce.

Mr Sampaio travelled to Liaoyang, part of what used to be called Manchuria, to inaugurate an electric transformer plant, a $30m joint venture between Efacec, Portugal's biggest engineering company, and a group of Chinese enterprises.

Efacec is supplying the training and technology for the venture, the Liaoyang Efacec Electric Equipment Company, which employs 400 people. The workforce is expected to grow to about 1,000 as production increases. Sumitomo Bank arranged a $6.9m loan for the project, guaranteed by the Bank of China.

Mr Sampaio's two-week state visit to China and Macao at the head of a 180-strong delegation is the most prominent example to date of Portugal's new economic diplomacy. Visits by Mr António Guterres, the prime minister, to the US this month and Brazil last year, were part of the same strategy.

The aim is as much to encourage Portuguese companies to invest abroad as to boost exports. "We see the internationalisation of the our economy as much more than expanding exports," says Mr Augusto Mateus, the economy minister.

"Participating effectively in the globalisation of markets means investing and receiving investment, exporting and importing, buying and selling technology, and establishing a presence in all the relevant international institutions, such as regional development banks," he says.

Mr Sampaio's visit to China helped foster the development of a number of other projects, including a partnership between Banco Espírito Santo, one of Portugal's leading banks, and China Everbright, China's second-largest financial group, and plans for a $60m joint-venture investment in a cement plant in southern China.

China's President Jiang Zemin also expressed interest in Portuguese investment in paper pulp, copper, construction equipment and other areas. "I came to China with some of our best entrepreneurs to sow seeds for the future," Mr Sampaio said during the visit. "This is an opportunity to show what Portugal is capable of in research, technology, industry, finance and trade."

Mr Sampaio hopes to establish Macao, the Portuguese-administered territory due to return to Chinese rule in December 1999, as an economic and business link between Europe and China, a country that is virtually an untapped market for Portugal in terms of both trade and investment.


Sampaio: promoting a new economic diplomacy


Mateus: 'Trade is excessively focused on Europe'

In fact, as Mr Mateus points out, Portuguese corporate investment anywhere abroad is very low, representing only about 0.3 per cent of gross domestic product. Trade is also excessively focused on Europe, which accounts for approximately 85 per cent of the country's overseas commerce. The US accounts for 7 per cent; Africa and Asia for 4 per cent each.

"Our aim is to establish a more balanced international position for Portugal within the process of business globalisation and strengthen our commitment to Europe by using our specific ties to build stronger economic relations with America, Asia and Africa," he says.

As part of a new approach to economic diplomacy, a recent government initiative to stimulate Portuguese investment abroad will mobilise finance from several state and European Union aid programmes, in what Mr Mateus calls "a fund of funds".

"We don't believe in subsidising companies to invest," he says. "Our objective is to help create the conditions for them to seize international opportunities rapidly and establish a more active presence abroad."

This involves making access to capital easier for overseas investment projects and lowering its cost. Partnerships between private-sector companies are also to be created. In addition, the government plans to place about 100 new university graduates every year in official Portuguese agencies overseas, where they will be able to spend a year gaining detailed knowledge of foreign markets which they will take to companies where they are subsequently employed.

The programme aims to provide diverse means of support tailored to different business sectors. Part of the effort will directed at the big entrepreneurial groups that are leading Portugal into overseas markets. A series of important investments and acquisitions have been made recently by companies such as Sonae and Jerónimo Martins, Portugal's leading retail distributors, Cimpor, a cement producer, and Portugal Telecom. The big banks are also developing new overseas operations.

New forms of co-operation between small and medium-sized (SMEs) companies are being encouraged to provide them with the critical mass and new standards of competitiveness to operate overseas. Some complementary groups of Portuguese companies, known as ACEs, in the vehicle components sector may open small development units in the US, to benefit from proximity to the industry's leading decision-makers and technology developers. ACEs bring together several SMEs so that, in this case, they can produce and market complete systems rather than just individual components.

"We don't see internationalisation as a process of closing facilities in Portugal and establishing them overseas. New facilities set up abroad should be tied to new investments made in Portugal," say Mr Mateus. "It is not a question of relocating all of a company's production overseas, but one of transferring some production stages where competitive factors have been lost in Portugal."

FOREIGN INVESTMENT • by Ken Pottinger

Blue-chip investors lured by decisive factors

The economy minister believes the current pace of GDP growth can be improved

Mr Hermann Birg, president of the German-Portuguese Chamber of Commerce, is a tireless crusader. Largely under his auspices, blue-chip German foreign direct investment (FDI) has moved steadily into Portugal, attracted mainly by one factor: "Portugal's labour force is now capable of higher productivity rates than those in Germany," he says.

His views are clearly also those of Siemens, the German electronics and electrical engineering group, which chose Portugal in May 1996 from among 26 competing countries to site an Es60bn ($380m) memory chip plant, set to create 750 new jobs.

In addition to political and economic stability, Portugal's capacities in industrial quality control and management were decisive in the choice, Siemens said, particularly in the face of competition from eastern Europe.

The plant is the second-biggest foreign investment in Portugal to date. Initial production capacity will be 150m 16MB D-Ram (dynamic random access memory) chips and a year. Later, the plant will make 64MB and 256MB D-Ram chips – mainly for personal computers.

Upgrading and technical qualification of Portuguese companies are key parts of the Siemens agreement. By 2007 the plant should incorporate 70 per cent of domestic added value and produce a foreign exchange balance of Es117bn in favour of Portugal. Siemens, which has been in Portugal for 90 years, made sales from there worth Es100bn in 1995. The group currently employs 5,200 people in five plants nation-wide. Among other continuing group investment is Es5bn in expansion and modernisation at its Corroios facility, south of Lisbon. This makes medium-tension electrical fuse boxes and is being expanded to handle all Siemens European production of this product.

German investment in Portugal has grown strongly in the past six years. Part of the reason, says Mr Birg, also chief executive of Bosch Portugal, is that "the motivation shown by Portuguese employees makes it difficult to readjust to lower levels of drive and energy found elsewhere." The Portuguese trade and tourism commission, ICEP, says net German investment in 1996 totalled Es32.6bn or 13 per cent of overall inwards investment.

Spain was the leader in this ranking, with Es86.1bn (34 per cent of total), followed by the Netherlands – Es22.7bn. (9 per cent) and the UK with Es12.9bn (5 per cent). But competitive clouds stalk the horizon. The government is keenly aware, for example, that in 1996 Portugal fell behind Spain, Italy, Turkey and the Czech Republic on the measure of international competitiveness. One senior banking economist pointed out that wages in the Czech Republic are a quarter of those in Portugal. "The country is a neighbour of Germany, its infrastructures are in better shape and its bilingual workforce consists of skilled high school graduates," he said.

Nevertheless, Mr Augusto Mateus, the economy minister, believes the current pace of GDP growth can be sustained and improved in Portugal. He says an additional 1 percentage point a year can be added to GDP performance through the development of the country's poor, non-industrial regions.

"At the present rate, Portugal's GDP, now at 69 per cent of EU average, will have caught up in 30 years" he says.

This conviction was strengthened following news in March that the European Commission is to propose extending the existing structural aid programme for Portugal's current 1999 cut-off date. Mr Eneko Landaburu, the EU's director-general for regional development policy, said in Lisbon that eligibility criteria for aid would be extended.

Government is reshaping grants and incentives to develop deprived areas and has shifted some focus into tourism as an alternative source of jobs. These developments, along with government incentives – negotiated on a case-by-case basis for investments that generate value-added, downstream effects – have further strengthened government optimism.

The economy ministry says foreign investment intentions already formally lodged for 1997 and 1998 total Es169bn, involving 12 projects which will create 3,197 new jobs. Further German, Swiss and South Korean investment is in the pipeline.

The government is shortly to authorise investments by Siemens AG, (Germany), Ford Motor (US), General Motors (US) and Halla Engineering & Construction (South Korea). The investments, amounting to Es50bn, are expected to create 3,000 jobs. The main project is a Es10bn joint venture by Siemens and Japan's Matsushita for microchip circuits to be made at Evora in south-east Portugal. Ford plans to boost output with a Es2bn investment at its Palmela electronic components plant near Lisbon, and in a joint air conditioning compressor venture there with Halla.

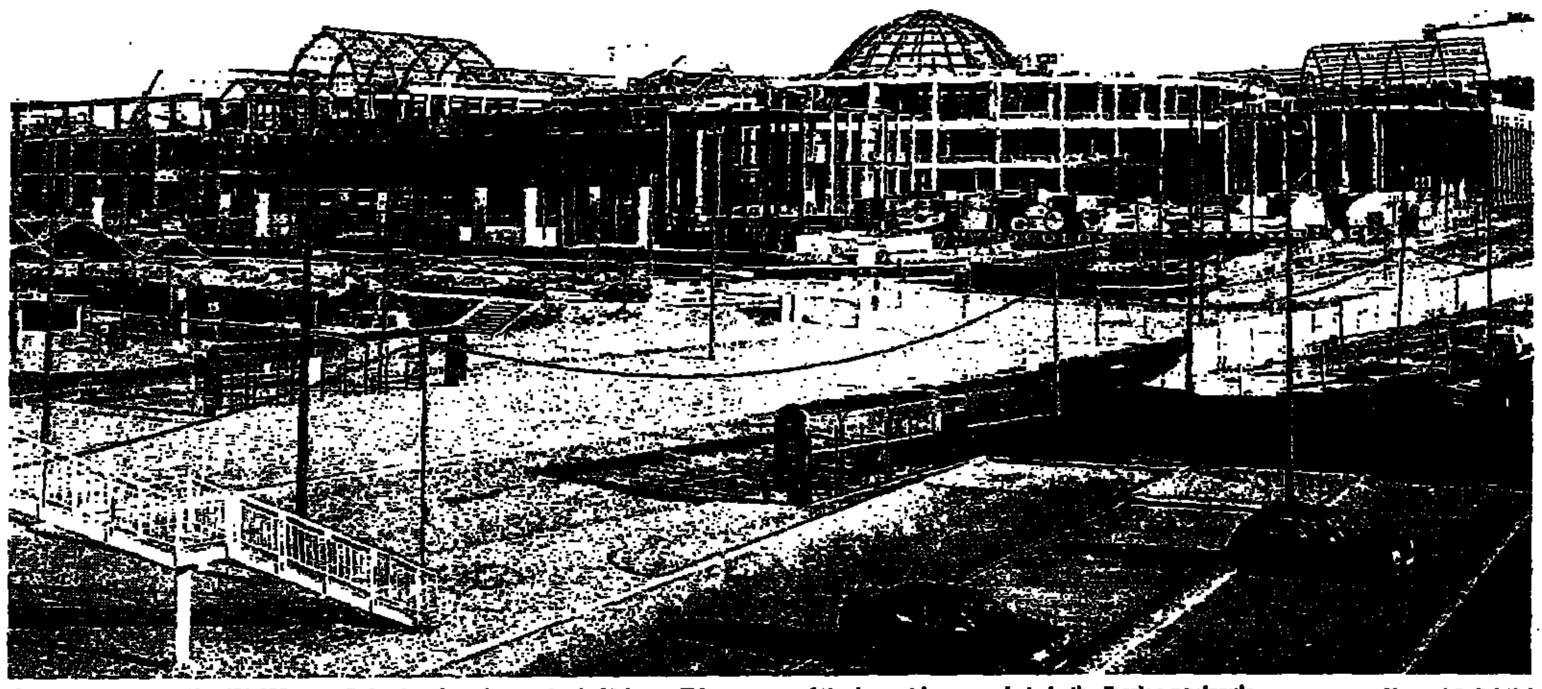
Madeira's International Business Centre, where companies setting up in the free-trade zone enjoy total exemption from taxes on profits and capital gains until the end of 2011, is another strong attraction for foreign investors.

The economy ministry expects FDI to rise 115.88 per cent between 1996 and 1998. The total is forecast at Es239bn in 1997, up 31.85 per cent on 1996. A further 63 per cent leap is expected in 1998, compared with 1997, to Es391.8bn.

COMMERCIAL PROPERTY • by Ken Pottinger

Expo 98 helps to drive the market

Portugal has more shops per capita than any other EU country, says one report



Under construction: the 400,000 sq m Colombo shopping centre in Lisbon will house one of the largest hypermarkets in the Iberian peninsula *Picture: João Salo/Spix*

Distorted market: modern office blocks in Lisbon *Picture: João Salo/Spix*

A crashing wave is one of the promotional symbols for Expo 98, the world fair on the theme of the oceans that is to open in Lisbon in May 1998. The breaker also aptly reflects the force driving Lisbon's commercial property market, partly as a consequence of the exposition.

Expo 98 will help transform a run-down dockland area in eastern Lisbon into a new residential and business centre, regenerating a derelict 330ha site along a 5km river frontage by developing residential, office and commercial complexes in a project due to last until 2015.

In 1997, construction linked to Expo 98 is officially expected to lift overall building activity by as much as Es200bn in additional construction. The initial Expo budget calls for the sale of 1.8m sq m of space for a targeted revenue of at least Es108bn. The government expects Expo 98 and related developments to contribute an extra 3-6 per cent to GDP growth between 1997 and 2010. New Expo commercial sites set to come on stream after March 1998 will add further to a national stock which Healey and Baker property consultants estimate will total some 500,000 sq m in new retail space by the end of 1998 – 230,000 sq m of this in Lisbon and 150,000 sq m in Oporto.

The consultants say that outside the two main centres, purpose-built shopping facilities have sprung up since 1996 in provincial cities such as Setúbal, Coimbra, Leiria, Matosinhos, Braga, Guimares, Vila Franca de Xira, Pombal, Seixal and Vila Nova de Gaia.

The fast pace of Portugal's retailing trade has changed remarkably in the decade from 1986 when the country entered the then European Community. According to a report by Escuela de Gestin de Granada (the Granada School of Management, Spain) Portugal has 3.8 shops per 1,000 inhabitants, or more per capita than any other EU country.

The number of foreign retailers in the market has risen from 20 to 100, of which 80 are European, say Healey and Baker. As a result, pressure is on developers to provide international standards of shop design and layout, which are difficult to find on the traditional Portuguese high street.

However, the commercial property market is distorted by factors such as outdated lease laws and government interference – in response to powerful pressure from the influential shopkeepers' lobby – in fixing trading hours and conditions and in regulating the setting up of new hypermarkets and supermarkets. A conversation with almost any property operator in Portugal inevitably turns to leases, a problem hindering institutional investor interest and deterring the development of a property investment market.

A 1995-96 study by the Lisbon Technical University shows that some 3.5m property owners are exempt from municipal rates. Only 1.9m pay rates. If all exemptions were ended, rate levies could be lowered with evident benefits to the Treasury. Market distortions related to artificial lease conditions are closely tied to these rate exemptions.

Shopkeepers, for example, have persuaded successive governments to move at a snail's pace on rent increases or significant changes to existing structures despite a body of data which shows that dramatic changes have occurred in consumer patterns.

A 1996 study by the Brussels-based Food Marketing Institute says the Portuguese make 35 per cent of all purchases in hypermarkets (the highest such percentage in Europe), 51 per cent in supermarkets and only 11 per cent in corner stores.

Despite lease problems, property developers have found ways around rental restrictions, particularly in new developments. Thanks to a more car-mobile population and new shopping habits created by big malls on the outskirts of large urban areas, developers are now expected to establish out-of-town retail warehouse parks.

Property agents see this as a promising new business niche. In the Lisbon region, where almost one third of the country's 10m people live, traffic congestion has so restricted movement that many big companies have moved to spacious, modern office parks, mostly west of the capital says, Mr Hans Koster, head of Aranas.

This Swedish developer was at the forefront of this trend in 1987 when it first set up business in Portugal. Today, its Quinta da Fonte development counts many big multinational names among its clients.

Eight months before its scheduled opening in September this year, the 400,000 sq m Centro Comercial Colombo at Benfica, Lisbon, announced that half its 400 satellite shops were already sold or reserved. The centre will house one of the largest hypermarkets in the Iberian peninsula (32,000 sq m) and 12 cinemas, 12,000 sq m of leisure space including 1,000 seats on the restaurant floor and a 20-lane bowling alley. It expects to attract 20m visitors a year.

Marks and Spencer, C&A and Cortefiel are among big international retail chains interested in opening stores bigger than 1,500 sq m each in Lisbon's historic Chiado shopping area, destroyed by fire eight years ago.

PROFILE FC Porto

A reputation for achieving results

Oporto: home to two famous exports *Picture: Lydia van der Meer*

Oporto, the city at the heart of the industrial north, is the origin of two of Portugal's most famous exports: port wine and footballers. While names such as Sandeman and Cockburn are linked to the best known brands of port, FC Porto, the football club, is the country's most prestigious producer of premium players.

The club, now heading for a third consecutive victory in the league championship, has built a reputation for achieving results, both on the pitch and in business.

It has hired a US management consultant and invested in alternative sources of revenue to provide financial security when ticket sales fluctuate. These include a small chain of shops, sponsorship deals, advertising contracts and even an international clinic for treating sports injuries.

The successes of the club, an international phenomenon whose every move is passionately followed by 102,000 paid-up supporters, extend far beyond the stadium. The goals it scores encourage and unite a whole region and have kept the north cheerful through hard times of economic recession and political conflict.

"FC Porto compensates northerners for what they see as an injustice in the way central government treats the region," says Mr João Paiva Brandão, the club's director-general. "The attitude is: Lisbon may get all the investment, but they can't beat us at football."

As in industry and finance, football in the entrepreneurial north found its feet after the collapse of the Salazar dictatorship in 1974, an event that began to undermine the dominance of the south in every field, including soccer.

FC Porto was founded in 1893 by António Nicolau Almeida, who worked in the port wine trade and was introduced to soccer by English colleagues living in the city. But it was only from the 1970s that it began to grow into something more than a small provincial side.

The club has since gone on to win every conceivable national, European and world championship and has established an international reputation as one of the world's greatest teams. This is not an inconsiderable feat for a club from western Europe's second-poorest country, based in an urban area with not many more than 1m inhabitants but no fewer than three clubs in Portugal's first division.

Excepting the bigger crowds that turn out for matches against the big Lisbon sides, Benfica and Sporting, FC Porto achieves an average gate of 26,000 for league matches; among the highest in Europe. The club's all-seat Antas stadium holds 52,000 people and 18,000 tickets for all matches are sold in advance for the whole season.

Like all the big clubs in Portugal, where public sports amenities are scarce, FC Porto is much more than a soccer team. The club provides facilities and coaches teams for 18 different sports, from boxing and weightlifting to tennis and cycling.

Hundreds of youngsters train in its swimming pool or practice on the basketball courts every night. Star athletes nurtured by the club include Fernanda Ribeiro, the long-distance runner who won the Olympic 10,000m gold medal in Atlanta last year.

Few words are spoken or written about FC Porto in Portugal without mentioning Mr Jorge Pinto da Costa, the club's elected president for the past 15 years and the man to whom its success is largely attributed.

He decries the prominence given to club presidents in the Portuguese media – where the extensive coverage of football is as much about the business and politics of the game as what happens on the pitch – but does not appear to regret the notability.

A populist who is loved or scorned with equal fervour, he could undoubtedly forge a successful career in business or politics if he ever left football. He says he has turned down invitations to stand for election as mayor of Oporto from all the main political parties except the Communists, and even they reportedly took him to lunch in the run-up to the 1995 general election.

For all its success, FC Porto has not been able to escape the difficult climate that has afflicted Portuguese football in general over recent years, as a results of falling attendance figures, rows over television rights, allegations of corruption and a wave of public antagonism last year over a government plan to help clubs pay their tax arrears, a proposal that was later withdrawn.

Mr Paiva Brandão says the key to growth for the country's footballing economy lies in exports. "We produce excellent players that should be sold to foreign clubs for a high price while Portuguese clubs buy less expensive players from eastern Europe and Latin America," he says. "Portugal cannot afford to be a net importer of players."

Peter Wise

THE INFRASTRUCTURE: TELECOMMUNICATIONS • by David White

Plan for brave new world

PT's creation gave the country a more orthodox structure for its telephone system

Set up a new company, give it all the assets you have, sell off a bit of it the next year, a bit more the year after, another chunk the year after that, hitch it up with a partner that knows its way around, provide it with an opponent to spar with, and by the age of six it is ready for the brave new European world of open telecommunications competition.

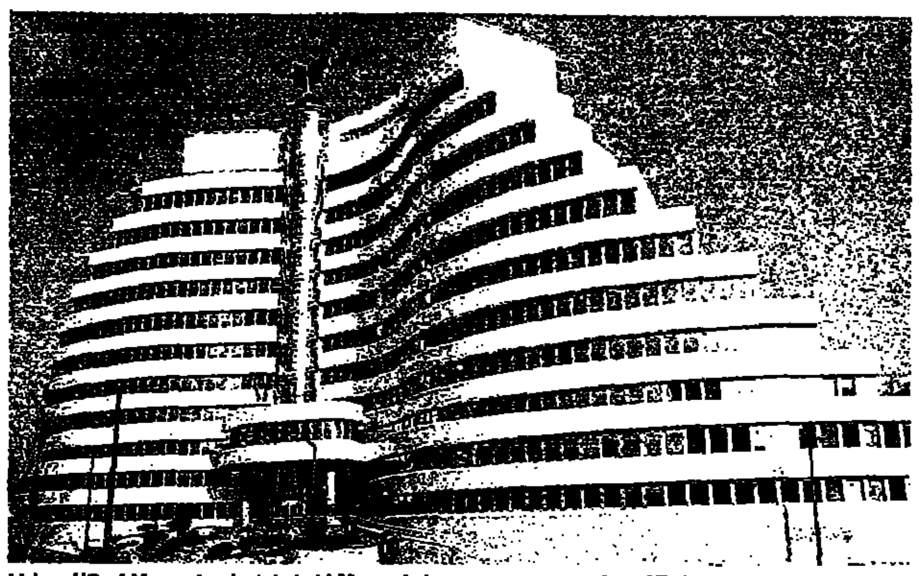
That, briefly, is the plan under way for Portugal Telecom, inheritor of a state monopoly that was already being dismantled when the company was formed. Telecoms in Portugal have undergone accelerated development.

It is also, today, one of the sectors in which the deficiencies of Portuguese infrastructure are least evident. In terms of telephone lines per 100 inhabitants, Portugal is still at the bottom of the European Union league with a rate of 38.5, but not much different from Spain or Ireland.

The network expanded rapidly in the early years of EU membership, with a population fast becoming more urban. A decade ago, barely a third of Portuguese households had a telephone. But by 1994 the figure was close to three-quarters. The market still has a relatively large growth potential, with the number of lines currently increasing by about 5 per cent a year.

The network, which in the early 1980s was still not entirely automatic, is already 70 per cent digital; above the European average.

Open competition is set to come from early 2000. Cellular telephones, paging, cable television and data services have been liberalised but PT, as the only operator for fixed-link telephones and leased lines, still controls about 90 per cent of the overall business.



Lisbon HQ of Marconi: privately-held Marconi shares were swapped for PT shares *Picture: João Beto/Spix*

Portugal – along with Spain, Greece, Ireland and Luxembourg – was given an exemption from the EU rule setting next January as the deadline for full liberalisation of voice telephony and telecoms infrastructure. The derogation, aimed at enabling those countries with less-developed telecoms systems to catch up, allowed them to request as much as five years' delay.

Portugal has since agreed to shorten this period to two years, opening its market just over a year after Spain does. The interval will give it time to complete the reorganisation of telephone tariffs.

To prepare for competition, prices of trunk and international calls are being sharply reduced, and compensated by higher local rates and installation and rental charges. Portugal has up to now been one of the cheapest places in Europe to make local calls and one of the most expensive for intercity and foreign connections.

PT's creation in 1994 gave the country a more orthodox structure for its telephone system. This was previously divided along rather bizarre lines, with one state company serving the two main cities of Lisbon and Oporto, the post and telecoms office (later Telecom Portugal) covering the rest of the country, Europe and North Africa, and a third, semi-state concern, Companhia Portuguese Radio Marconi, responsible for intercontinental calls.

The first two were merged along with the broadcasting transmitter company Teledifusora de Portugal to form PT. At the first stage of its privatisation, the state holding company made over its 51 per cent holding in Marconi to PT, and privately-held Marconi shares were swapped for PT shares, making a unified company.

Marconi brought with it a mobile telephone offshoot, TMN, which may be a candidate for a separate stock market listing.

The star of Portugal's privatisation programme to date, PT has shown one of Europe's fastest earnings growth rates in the sector. Its net profits have more than doubled since the year of its creation, with a 51.5 per cent increase last year to Es54.9bn, well ahead of forecasts.

Operating revenues were up by more than 11 per cent, almost twice the rate of expansion of the company's basic fixed-line business.

After the first two disposals of government shares in 1995 and 1996, the next privatisation this autumn will for the first time – subject to a change in the law – put the state in a minority. Prior to this, PT aims to cement a strategic alliance, due to be confirmed this month, most probably with Concert, the joint company formed by British Telecom and MCI of the US.

Other aspiring partners were France Telecom through its GlobalOne venture with Deutsche Telekom and Sprint, and Spain's Telefónica as part of the AT&T-Unisource international alliance.

The link-up is seen as a largely defensive move by PT, enabling it to compete in international traffic, offer new services and make the most of investments in Africa, Brazil and Asia.

The company's move into foreign markets, possibly including North Africa, compensates for the imminent opening up of its domestic preserves.

A rival in basic voice telephony is due to be set up ahead of full liberalisation. A consortium headed by the EDP power utility, along with the gas companies Gás de Portugal and Transgás, is already positioning itself as the nucleus of the new operator, which would make use of existing infrastructure and customer networks.

Analysts believe the main field for competition will be in services to big clients rather than household telephones. Like Spain, Portugal wants to have its second operator firmly in place before the market becomes a free-for-all.

PROFILE Telecel

Comprehensive coverage

When the two top Lisbon football teams Benfica and Sporting meet up, there is more than the usual flash of recognition. Both wear the same name blazoned across their chests: Telecel, a mobile telephone company that in five years has done everything to make itself a household word.

And as for the Lisbon teams' great northern rivals, FC Porto – well, Telecel has a sponsoring deal with them, too.

"Telecel. Wherever you go, it's there," goes the advertising slogan, and it seems only too true. Mr António Rui de Lacerda Carrapatoso, its 40-year-old chairman and chief executive, has every intention of keeping up the blanket publicity campaign.

"Our awareness level in Portugal, according to the studies we do, is 98 per cent," he says. This is a good deal more than what other public opinion studies show to be the recognition level of Portuguese political leaders.

In the past few months it has also made its name on the Bolsa. A company which was formed only in 1991 and which began commercial operations less than five years ago, Telecel has secured a place among the top 10 quoted Portuguese companies by market capitalisation.

The Portuguese groups which initially owned most of it have made room for AirTouch of the US to build up a controlling shareholding and for a stock market flotation last December, one of the most successful by a private-sector company in Portugal. Telecel's share value has since shot up.

The initial public offering of a 39 per cent stake netted more than Es60bn for the seller, a shareholding pool formed by the Espírito Santo financial group and the leading cork company Amorim. Just before the operation they sold another 12 per cent to AirTouch.

António Rui de Lacerda Carrapatoso: blanket publicity campaign

The US partner, which is also the leading shareholder in the Spanish cellular phone company Airtel, started out with a 23 per cent interest in the Portuguese venture but now holds just under 51 per cent. The ownership structure could be further reshuffled to accommodate a consortium headed by Electricidade de Portugal, which is aiming to form the country's second fixed-linked telephone company.

Compared with other new arrivals pitched against existing telecommunications monopolies, Telecel's record is exceptional. It has taken half the mobile telephone market in Portugal, with 331,000 customers at the end of last year. And by concentrating on the high-value, high-usage end of the market it accounts for 60 per cent of the revenues. Its paging offshoot Telechamada, has also captured a leading position.

Telecel – Comunicações Pessoais won the bidding in 1991 to set up a service in direct competition with Telecomunicações Móveis Nacionais, the cellular subsidiary of state-controlled Portugal Telecom. The two companies were among the first to operate using the Global System for Mobile communications (GSM) standard, shortly after it was launched in Germany.

"I was not in the business," says Mr Carrapatoso. At the time he was a director of Espirito Santo's investment banking arm.

Before that he was working in the chemical business, first at Hoechst, then at the state-owned Quimigal, where he was chairman of the group's joint venture with Colgate-Palmolive, at the same time holding down a university professorship in "leadership and organisation".

He says the Telecel consortium won because of its readiness to build up broad coverage in a short time. "We were the ones that believed most in market growth," he says.

The company, claiming now to cover 86 per cent of Portuguese territory, produced positive operating cash flow in its second year of commercial operation and net profits in its third year, 1995. "We started paying tax in 1996," says Mr Carrapatoso.

Net earnings last year, higher than expected, tripled to Es7.3bn, with gross revenues including equipment sales rising 82 per cent to Es58.8bn.

Mr Carrapatoso says it was able to take a large share because the mobile telephone business was still "rather undeveloped".

TMN's previous analogue-technology service, available since 1989, had accumulated only 26,000 subscribers, a market penetration rate of 0.3 per cent. This has now increased to 6.7 per cent between the two companies, with the market showing increases of 100 per cent and 90 per cent respectively in the past two years.

Mr Carrapatoso is cautious about making predictions but is confident there is still ample room for growth, with Portugal some way below the European average. Analysts expect the penetration rate to increase to 15-20 per cent in 2000, but they warn that Telecel's growth is set to slow. A third cellular service licence is expected to be awarded later this year and tariffs, which have already fallen year by year in real terms, will come under further competitive pressure. Mr Carrapatoso accepts that average revenue per user will probably decrease.

Telecel, which since last year has been gaining most of its new business from individuals rather than corporate subscribers, has concentrated on differentiating itself through network quality, customer services and an innovative approach to marketing – notably in its boxed promotional packages.

Responding to a TMN initiative in 1995, it launched a pre-paid card facility last year, following it up in November with a new product called Vitamina T – packaged in an imitation giant vitamin capsule. With this service subscribers can not only see how much air time they have left but can re-charge their cards from their bank accounts through the handset – a facility which Mr Carrapatoso believes is so far unique.

David White

THE INFRASTRUCTURE Vasco da Gama Bridge

Controversies continue

The Vasco da Gama Bridge in Lisbon will have traversed a great deal more than the Tagus estuary by the time the 18km structure, the longest river crossing in Europe, opens next March.

Besides the engineering challenge of spanning a 10km-wide river mouth, the Es180bn ($1.06bn) project has had to face environmental protests, allegations that the build and operate concession was unfairly awarded, and the implications of a violent commuter revolt over toll increases on a nearby bridge.

The main bridge has a a 420m main span based on two 150m-high concrete towers. Picture: Sonemage

A satellite ensured accurate positioning of the pillars that support the main bridge and its viaducts. Picture: Sonemage

The death toll from accidents linked to the new bridge rose to 10 last week after a mechanical rig used in the construction collapsed, killing two Portuguese workers and two French engineers. A seriously-injured British engineer was in a deep coma.

The road crossing is the biggest European infrastructure project to be financed by the private sector since the Channel tunnel and is intended to relieve heavy traffic congestion on the April 25 suspension bridge 20km downstream. It has been controversial since its inception in 1991.

The bridge is due to open next March 31, in time for the inauguration of Expo 98. The world fair – on the theme of the oceans, which marks the 500th anniversary of Vasco de Gama's discovery of the sea route to India around the Cape of Good Hope – is to be held on the river front in eastern Lisbon close to the foot of the northern entrance to the new crossing.

Environmentalists were angered when the government chose a site that runs through 400ha of salt pans on southern bank, an important breeding ground for protected birds such as the Black Winged Stilt, the Little Tern and the Kentish Plover.

A grant of Es64bn from the European Union Cohesion Fund, covering 35 per cent of the total cost of the bridge, was not confirmed until the European Commission was satisfied that the environment would be protected.

Two European Investment Bank loans amount to 33 per cent of the investment.

Lusoponte, the private-sector consortium constructing the bridge under a build, operate and transfer (BOT) scheme, has expropriated the partially abandoned salt pans and is recovering them as a nature reserve. Landscaped acoustic barriers are also being built to minimise air pollution and noise.

The award of the bridge concession to Lusoponte was in itself a source of polemics, leading to complaints of unfairness from the losing consortium headed by the French construction company Bouygues. But no formal appeal was lodged.

Lusoponte was then led by Trafalgar House, a British construction company, which has since been acquired by Kvaerner, the Norwegian engineering group. Kvaerner holds 24.8 per cent of the consortium. Campenon Bernard, a French construction company, owns an equal stake and five Portuguese companies together hold 50.4 per cent.

Setting a toll for the bridge – ultimately a decision on whether all taxpayers or only bridge users pay for the cost of the project – is also proving a headache.

The issue threatens to undermine the project finance aspect of the undertaking, which aims to repay financial backers from project revenues.

Lusoponte believes a toll of less than about Es300 would entail a commercial loss. But the toll on the April 25 bridge, also operated by Lusoponte since January 1996 as part of the overall concession, has been frozen by the government at Es150 until next April at least. The debate is highly charged politically.

In June 1994, riot police clashed with hundreds of angry motorists who blockaded the April 25 bridge for 10 hours at the height of a week of militant protests over an increase in the toll from Es100 to Es150. The centre-right government then in office planned gradually to increase the toll so that motorists would pay the same on both bridges as soon as the new crossing opened.

The two bridges have to charge the same if the Vasco da Gama crossing is to fulfil its prime purpose of easing traffic congestion on the existing bridge, which is used by more than 140,000 vehicles a day. Few commuters would be attracted to a new bridge that costs more than twice as much to cross as the existing alternative.

But the Socialists, who won a general election in November 1995, have decided not to increase the toll and run the risk of more protests. The government has opted instead to freeze the toll and use the state budget to compensate Lusoponte for the loss of revenue.

"The project finance aspect of the new bridge is being heavily diluted," says a Lisbon investment banker. "Government payments to the operator are undermining the principle that users rather than the general taxpayer pay for the project."

The concession contract with Lusoponte envisages a current toll of at least Es240 on the existing bridge, rising to Es300-Es340 on both bridges when the new crossing opens. But since the agreement was signed in April 1994, the government has unilaterally revised the terms three times, holding down the toll and paying the consortium Es19.9bn in compensation for lost earnings and changes in the risk profile of the project. "Every time the government tinkers with the toll mechanism, the bridge becomes less a project finance initiative and more a traditional public-sector infrastructure," says a Lusoponte executive.

As accountants attempt to calculate projected revenues with equations that involve an increasing number of unknowns and variables, construction work on one of the world's most advanced civil engineering projects, which began in February 1995, continues.

The main bridge is a cable-stayed structure with a 420m main span based on two 130m-high concrete towers. The pillars that support the main bridge and its viaducts were sunk in the river bed with the help of a satellite to ensure accurate positioning.

The first vehicle to cross the bridge next March will be driving over 730,000 cu m of concrete and 100,000 tonnes of reinforced steel, shaped in three years by 3,300 men and women into a feat of civil engineering. No amount of scientific endeavour, however, can yet forecast what toll that driver will pay or how much the prestigious project will cost the taxpayers.

Peter Wise

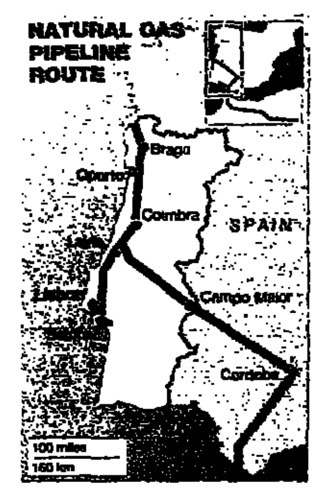
THE INFRASTRUCTURE: NATURAL GAS • by David White

Link-up will cost more than $2bn

Transgás reckons industry will be able to save up to 40 per cent on energy costs

This is the year they turned the gas on. Until now there was no mains supply in Portugal outside Lisbon's town gas network which dates back to the last century. It is the last European Union country to hook up to natural gas – but it has done it in a big way.

Portugal's natural gas link from the Algerian Sahara represents its biggest industrial infrastructure project on record, with total investment including local pipelines and gas-fired power generation of well over $2bn.



Transgás, the company formed to run the high-pressure pipeline concession in Portugal, has already sunk about $1bn in the project. This includes a minority share in Europe Maghreb Pipeline Limited, the Spanish-Portuguese venture taking the gas across Morocco and under the Gibraltar Strait into Spain.

Within Portugal it has meant laying about 800km of buried tubing. A link from the Spanish border connects with a main supply line running from Setúbal, south of Lisbon, through the coastal region to Braga in the industrial north. From there a further link is being built to the northern border as a supply route for Spain's Galicia region.

Building the Portuguese stretch of the 2,300km pipeline has involved crossing three main rivers and some 1,450 roads and tracks. About 50 archaeological finds were unearthed on the way. But Transgás, which will have invested a total of some $1.3bn by the time underground storage facilities in central Portugal are completed in 1999, says it has all been done according to schedule and comfortably within budget.

Mr José Manuel Elias da Costa, Transgás president, sees the new energy source as a crucial factor in reducing industrial costs and bolstering the competitiveness of Portuguese companies.

In a country overwhelmingly dependent on oil, gas is set to provide 10 per cent of primary energy consumption.

The company reckons industry can save as much as 40 per cent on energy costs and private consumers as much as 65 per cent.

The largest share of the gas – an estimated 49 per cent in 1999 – is for power generation, principally at a new private plant being completed at Tapada de Outeiro near Oporto. The $600m plant, owned by Turbogás, a joint venture headed by PowerGen of the UK and including Siemens of Germany, is destined to supply as much as a fifth of the country's electricity needs.

Transgás is also counting on providing direct supplies to about 50 big industrial clients. Thousands of homes are ready to receive natural gas through four regional distribution companies.

Other regional consortium ventures are planned, with supplies due to reach towns of the interior such as Viseu, Guarda, Castelo Branco and Portalegre by the end of next year.

Lisbon will take some years to switch over to natural gas, but some outlying areas should start receiving supplies later this year.

There are no plans, however, to extend the pipeline network to southern Portugal where demand is seen as insufficient to justify the investment.

To dilute Portugal's reliance on Algeria for its supplies, a regasification plant is provisionally being planned early next century to receive shipments of liquefied natural gas.

From 1999, Nigerian gas is set to arrive via a terminal at Huelva in south-west Spain – 500m cubic metres a year in addition to the 2.5bn cubic metres flowing through the Maghreb pipeline.

An emergency back-up supply deal is also planned.

A regasification complex at Setúbal was the original idea when Portugal set about seriously planning a gas network 10 years ago, but that scheme was abandoned in favour of joining the Spanish pipeline project.

In any event, Algeria was seen as the only viable option as a supplier, unless Portugal was to wait until the next century and risk missing crucial support from EU funds.

The venture – with the implicit political risk stemming from the civil conflict in Algeria – is something of a case study in project finance.

An initial scheme fell through in 1993 when an international consortium, led by Gaz de France and including Germany's Ruhrgas, failed to obtain satisfactory terms on pricing and risk-sharing.

Transgás was subsequently put together with large state-controlled Portuguese companies, including the power utility Electricidade de Portugal and the Caixa Geral de Depósitos banking group and a small shareholding by Petrogal, the partly-privatised oil concern, which also has stakes in regional gas distributors.

Investment in the project up to the end of last year came 24 per cent from shareholder resources, a similar proportion from EU funds – the pipeline is one of the EU's priority Trans-European Networks – and the remainder from borrowing.

The European Investment Bank, the EU's lending arm, is heavily involved in this, as it is in all Portugal's most important projects – also playing a big part, for instance, alongside Germany's Kreditanstalt für Wiederaufbau development bank, in funding the Tapada de Outeiro power station.

Mr António Mexia of Banco Essi, the Espirito Santo group's investment bank, says the gas programme has been a valuable lesson.

Some of the risk in any project of this kind has to be carried by the government or the EU, he says.

"In the first stage, they overestimated the scope for passing risk to the private sector."

Costly schemes such as this and the new Tagus road bridge have given Portugal an experience in project finance which he argues puts it ahead of Spain, France or Italy. "In Portugal it is already part of the normal way of doing business," he says. In future, he predicts, the project-finance approach will be applied to new areas such as schools and jails.

Still faced with huge infrastructure needs, the government is looking for innovative ways to enlist private financing.

"It is not possible for any country to develop at the rhythm Portugal is developing without some public funding, from the government or structural or cohesion funds," says Mr Augusto Mateus, economy minister.

But this is part of a "two-stage approach" involving the creation of opportunities for private companies, including groups in the process of privatisation.

FINANCIAL TIMES
COMPANIES & MARKETS
Wednesday April 16 1997
Week 16

IN BRIEF

US banks rally on good results

Bank stocks enjoyed a strong rally on Wall Street as the largest banks announced first-quarter results comfortably better than analysts had predicted. Page 20

Shareholders approve BT-MCI merger
British Telecommunications' 2.3m shareholders overwhelmingly approved its planned merger with MCI of the US, as the likelihood of a new partner in mainland Europe for the alliance grew stronger. Page 22

MTV prepares 24-hour service in Italy
MTV, the video music channel, will announce today that it is switching to round-the-clock broadcasting in Italy with a new distributor, and appointing a new head for its Italian operation. Page 18

Jinro to sell Won1,200bn of assets
South Korea's Jinro liquor and food group, which has been the subject of speculation about its possible insolvency, said it planned to sell Won1,200bn ($1.34bn) of assets. Page 21

Salomon down while Merrill booms
Salomon's first-quarter earnings came in below expectations, while Merrill Lynch reported its highest quarterly earnings. Page 20

SKF posts sharp profits decline
SKF of Sweden, the world's biggest supplier of roller bearings, reported a sharp fall in first-quarter profits and a sober forecast for its main market of west Europe. Page 18

San Miguel-Amatil deal challenged
A challenge was issued to the deal between San Miguel, the Philippine food and beverage group, and Coca-Cola Amatil of Australia, from the former San Miguel chairman, who claims ownership of a 48 per cent stake. Page 21

Profits halve at Shanghai Petrochemical
The slump in the price of plastics and petrochemicals and the rising cost of crude oil in China caused a sharp fall in profits at Shanghai Petrochemical last year. Page 21

Anglo American in new platinum mine
Anglo American Platinum Corporation is to spend R1.2bn ($269m) starting a new platinum mine at Boschkoppie in the Rustenberg area of South Africa, the world's richest source of platinum metals. Page 26

Companies in this issue

Market Statistics http://www.FT.com

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
Allianz	3162	+	87
Degussa	741	+	13.50
Linde	1160	+	54
Thyssen	384	+	7.90
Falls			
Holzmann	485	–	10
Preussag	443	–	4.50
NEW YORK ($)			
Rises			
Columbia/HCA	33⅞	+	2⅛
Harley-Davidson	37⅝	+	3
Sofamor Danek	42⅝	+	4½
Falls			
Box Office	24½	–	4
Graco	24⅝	–	1⅝
Sun Intl Hotels	30⅝	–	1½
LONDON (Pence)			
Rises			
Internal Tech	90½	+	8
Optometrics	22½	+	11½
Watermark	34	+	6
Falls			
FKR Hldgs	27½	–	5
Finlay (J.)	95	–	9½
Widney	37½	–	7
TORONTO (C$)			
Rises			
MINT Ltd	15.00	+	1.00
PC Docs Group	8.25	+	0.80
Suzy Shier	9.00	+	0.65

Falls			
Biochem Phm	25.65	–	6.35
Gecamex Tech	2.70	–	0.40
Nevsun Res	4.75	–	0.50
PARIS (FFr)			
Rises			
Accor	883	+	23
BNP	238.80	+	6.80
Havas	426	+	13.70
St Gobain	786	+	27
Falls			
Bongrain	2192	–	38
Seita	196.60	–	2
TOKYO (Yen)			
Rises			
Chiyoda	378	+	26
Fujisawa Phrm	1040	+	44
Isax	777	+	29
Nippon Oil	534	+	25
Takashimaya	1210	+	100
Falls			
Sankyo	3210	–	90
HONG KONG (HK$)			
Rises			
Cathay Pac	38.90	+	1.20
Sime Dar (HK)	8.40	+	0.20
Sth Ch Mrn	6.75	+	0.15
Falls			
Henderson Inv	7.65	–	0.10
HK & S Hotels	11.60	–	0.30
Shaw Brothers	7.85	–	0.15

New York & Toronto prices at 12.30. Bangkok closed.

Privatisation plans set to expand with $5.2bn disposal of Endesa stake

Spain poised for power sale

By Tom Burns in Madrid

Spain's centre-right government, spurred by strong investor interest, is poised to intensify its privatisation programme by placing half its 66 per cent stake in Endesa, the dominant electricity generator and distributor, on the market this autumn.

The offering would be worth Pta750bn ($5.2bn) at current market prices, making it easily the biggest disposal of state-controlled equity. It would bring privatisation receipts in Spain this year comfortably over the Pta1,500bn mark. Previously, the government had planned to sell its Endesa stake in three separate tranches by the end of 1999. However, it has been spurred on by the continuing buoyancy of the domestic stock market and the seemingly insatiable appetite among Spanish retail investors.

The Pta627bn February issue of the state's remaining 21 per cent stake in Telefónica, which marked the full privatisation of the national telecoms group, was 10 times oversubscribed on its domestic retail tranche. Demand among small Spanish savers in the Pta170bn initial public offering for the state's remaining 10 per cent equity in Repsol, the oil, chemicals and gas group, which will be completed later this month, is close to 20 times what has been offered.

The government is keen to fuel "people's capitalism", a cornerstone of Prime Minister Jose Mariá Aznar's political thinking. It is also anxious to build up a treasure chest of privatisation receipts to use in restructuring state-owned companies in loss-making sectors such as coal mining, ship-building and defence.

When the government began unveiling its privatisation plans last summer, shortly after it took office, brokers calculated that the markets could absorb up to Pta1,000bn of state-owned stock during 1997. They figured domestic investors would buy up to 80 per cent of the total offered.

The success of the Telefónica issue, now likely to be capped by the Repsol issue, has prompted brokers to raise such estimates.

"The question is whether the present market conditions will still be in place in six months time," said an official at Sepi, the state agency responsible for Endesa. However, striking a note of official caution, he added: "We are in no hurry to sell stock because the government has already realised the level of privatisation receipts it had forecasted."

Domestic and international banks bidding to co-ordinate Endesa's issue are due to deliver their presentations today. They are still working on the basis of a disposal of between 20 per cent and 25 per cent of government equity in a sale provisionally scheduled for October. A decision on who will lead the disposal will be made next month.

Banks reach deal over $14.5bn Eurotunnel debt

By Andrew Jack in Paris

The steering committee of leading bankers to Eurotunnel, operator of the cross-Channel rail link, has agreed final terms for the restructuring of the company's $14.5bn debt, ahead of approval by its 20 instructing banks later this month.

The move comes a week before Eurotunnel's annual results. It clears the way for an extraordinary meeting of shareholders to vote on the plan in July, ahead of discussion by the company's full syndicate of 225 banks before the end of the year.

The steering committee is believed to have discussed several tactics to help them win the unanimous approval required by the banks to permit the restructuring to go ahead. These include the launch of a formal secondary market in Eurotunnel debt.

A number of banks have already sold on Eurotunnel loans on the unofficial grey market, but a secondary market would allow them to fully cede their obligations, including all voting rights.

The efforts to buy up a relatively small proportion of the total value of the loans outstanding to Eurotunnel could help persuade a number of the more reluctant banks to agree to the restructuring.

Other tactics being discussed include the threat of revealing the names of those banks which do not agree to the restructuring, or pressure which could affect their ability to carry out future operations in the UK or France.

The lengthy final version of the restructuring plan – initialled between Eurotunnel and its bankers last October – has been modified only marginally during the discussions.

Final clarifications in the last few weeks dealt with topics including exchange rate differences, notably between the pound and French franc.

The agreement remains subject to two important conditions: that Eurotunnel's traffic and cash flow predictions – which have been hardly modified following the fire in the tunnel last November – remain unchanged; and that the inter-governmental committee makes no new significant changes to the conditions by which heavy goods vehicles can be transported.

One banker estimated yesterday that more than ten per cent of total Eurotunnel debt has already been traded on the grey market, typically at 42-45 per cent of its face value.

Most banks have also written down all of the interest charges since they were suspended ahead of the restructuring talks, as well as a more modest proportion of the principal loaned.

Dexia, the Franco-Belgian banker, recently disclosed that it had written down 45 per cent of the value of its loan.

Lachlan Murdoch with his father Rupert after the announcement of his promotion yesterday Reuter

Murdoch picks son Lachlan to run News Corp's Australian arm

By Bruce Jacques in Sydney

Mr Lachlan Murdoch has risen higher at News Corporation, the Australian-headquartered media group chaired and controlled by his father, Mr Rupert Murdoch.

Murdoch junior's upward move came yesterday with the announcement that his father's longest-serving lieutenant, Mr Ken Cowley, would retire in June as executive chairman of News Ltd, the group's Australian arm.

Mr Rupert Murdoch said that Lachlan, his 25-year-old eldest son, would "assume overall responsibility for our Australian operations".

The announcement made no mention of the chairman's position in the News Ltd structure, implying there would be no replacement for Mr Cowley.

Last September Mr Cowley, 62, vacated the managing director's position at News Ltd in favour of Mr Lachlan Murdoch. Mr Cowley moved to the newly created position of executive chairman of News Ltd, retaining an overseeing role while the younger Mr Murdoch moved into day-to-day control of the company.

Mr Cowley will remain a director of News Corporation and will retain the chairmanship of Ansett, the Australian airline in which News is a 50 per cent partner.

His retirement ends a 33-year executive career which began in 1964 when Mr Murdoch launched The Australian newspaper. Mr Cowley was appointed to the News Ltd board in 1976 and became managing director four years later. He became chairman and chief executive in 1992.

Kodak and Johnson & Johnson sales hit by high dollar

By Richard Waters in New York

Kodak, the maker of photographic products, and Johnson & Johnson, the consumer and healthcare products group, reported yesterday that the dollar's rise had wiped about 3 per cent from their overall sales growth in the first three months of this year.

Their statements underline how the rapid rise of the dollar has contributed to a profits slowdown for some of the US's biggest companies.

However, as the US quarterly earnings season gets into full swing, it appears that most companies have been able to match or surpass stock market expectations for their earnings, helping to fuel a bounce in share prices this week.

Kodak and Johnson & Johnson each generates around half its revenues overseas and suffers when foreign sales are worth less in dollar terms. Other companies which this week reported that the strong dollar had held back sales include Goodyear and Coca Cola.

The US currency has continued to rise in recent weeks, in spite of efforts by central bankers to talk down its appreciation, suggesting that the currency effects are set to continue past the first quarter.

The rise in the dollar cut Kodak's earnings by 8 cents to 45 cents a share in the first three months of the year, said Mr Harry Kavetas, chief financial officer.

If the dollar were to remain where it is for the rest of the year, it would cut $500m from the company's 1997 sales, he added.

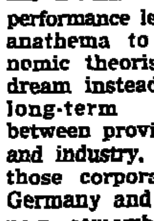
However, in spite of effects such as these, US executives and economists cautioned against viewing the dollar's surge as a sign that the profitability of US companies was facing a new crunch.

The rise of the past 18 months needs to be set against the longer-term decline of the US currency, said Mr Kavetas.

Mr Bruce Steinberg, an economist at Merrill Lynch, added that US consumer product companies and others heavily dependent on overseas sales were likely to benefit from a recovery in European markets later this year.

Barry Riley

Short-termism revisited and recalculated



Fickle fund managers wheeling and dealing their way through the stock market lists with eyes fixed on the quarterly performance league tables are anathema to leftwing economic theorists. The latter dream instead about stable, long-term commitments between providers of capital and industry, as practised in those corporatist paradises Germany and Japan – alas, now somewhat past their sell-by dates.

So with the UK's political pendulum apparently swinging at least modestly to the left, World Markets, the Edinburgh company which measures investment performance, has chosen a topical moment to launch a research study which taps new data on average holding periods for institutional investors, and freshens up the debate on short-termism.

Until now it has been hard to pin down data for individual company holdings. Overall institutional fund data have indicated a typical activity rate of about 60 per cent for a UK pension fund, implying that 30 per cent of a fund is sold and another 30 per cent bought each year. On average, then, shares are held for about three years.

This is not the same, however, as saying that stakes in individual companies are held for only three years. Fund managers routinely make tactical adjustments, up and down, to their holdings. Concepts such as "load differences" are employed to give managers scope to add value while controlling their risks against the index. Much of the turnover of institutional funds reflects this tactical activity, while strategic commitments to particular holdings may be sustained for many years.

In 1995 WM established its Stock Level Investment Monitor, which tracks holdings at each quarter-end. The purpose was to improve measurement of stock selection skills, but the data are also valuable for refining the analysis of activity. WM selected two pension fund portfolios of UK equities – worth £4.6bn and £20m respectively – as typical of either end of the spectrum. The data covered six quarters.

> It is vital to realise fund managers can trade tactically and retain long-term commitments

There remain statistical gaps – for instance, turnover within a quarter cannot be measured – but it emerges, sure enough, that individual holdings fluctuate markedly. The big fund held 126 companies throughout the period, but only 14 of those holdings were unchanged in size. The small fund held only 62 stocks continuously and traded more actively, as might be expected given that the average size of its holdings was only about a hundredth of the big fund's £18m.

The big fund sold completely out of 67 of its 193 initial holdings. But 17 of these disinvestments reflected bids and restructurings. Only 50 total disposals represented voluntary exits from companies which remained active and quoted. On an annualised basis this 50 represented 17 per cent of the original list, so the average holding period could be said to be about six years. Exactly the same figure applied to the small fund.

So we have moved out from three to six years, which qualifies, normally, as medium-termism. But even that is not the full story. This calculation focuses on numbers of holdings, not turnover. Active trading in smaller, more marginal companies might be obscuring a more durable commitment to large, core holdings.

Indeed, turnover analysis does give a different answer. Total annualised activity for the large fund was 66 per cent: that is, a third of the portfolio was sold each year. But two-thirds of the turnover was in continuously-held stocks. Of the rest, half reflected involuntary disposals through bids, leaving voluntary total disposals as only 5-6 per cent of the portfolio. This indicates a typical holding period of 18 years. Even Will Hutton should surely be impressed. True, the equivalent figure for the small fund was only eight years.

Not all institutions are alike: unit trust portfolios, for instance, are often traded much more actively than pension funds. But it is important to understand that fund managers can trade tactically while retaining long-term commitments.

Clean-up of cross-shareholdings follows Italian trend to greater transparency among big groups

Eni tidies structure with Agip merger

By Robert Graham in Rome

Eni, the Italian oil, gas and chemicals group, yesterday announced a clean-up of its holding structure by merging with Agip, the main operating company.

The move, to be put to shareholders in June, comes as the Treasury prepares to sell a third tranche of shares – reducing its controlling stake from 69 per cent to below 55 per cent. Eni is the world's eight largest oil group and the Treasury's sale of 30.8 per cent of its stake has so far raised L15,200bn *($9bn).*

The group yesterday confirmed that 1996 consolidated profits rose from L4,327bn to L4,451bn and that it would propose a L240 dividend, an 11.6 per cent increase on last year's L215. The payout is in line with projections in the prospectus for last year's second-tranche sale of 15.8 per cent of Eni shares.

Eni's decision to merge with its main operating company is the latest example of a trend among Italian groups to leaner, more transparent structures that give greater shareholder value.

The most important of these is the Treasury-sponsored merger *in the telecoms* sector of Stet, the principal holding company, and Telecom Italia, the main operating group. Others include the merging of the De Benedetti group's publishing interests and Pirelli's rationalisation of the structure of its tyre companies.

Eni said yesterday the merger would have no effect on its capital and would enable greater focus on developing its core oil and gas activities in Italy and abroad. The merger would *also allow* Eni and Agip to simplify their balance sheets, and reduce the time for cashing in the dividends of subsidiaries.

Eni wholly owns Agip, which is concerned with exploration and production of oil and gas.

The two are involved in a series of cross-holdings with other parts of the group. For instance, Agip holds 99.9 per cent of Agip Petroli, responsible for upstream refining and distribution, while Eni has the remaining minimal stake. Eni has a 40.2 per cent direct stake in Enichem, the chemicals arm, plus a further 29 per cent indirectly *through Snam, the* gas supplier: while Agip holds 29.8 per cent. Saipem, the quoted pipe-laying company, is owned 39 per cent by Eni through Snam and 40 per cent by Agip.

Yesterday, Eni announced consolidated turnover was down slightly at L57,681bn, from L56,889bn. Profits reflected the sharp reversal in the petrochemicals sector because of a drop in demand and the strengthening of the lira.

Operating profits in this sector fell 90 per cent, from L2,018bn to L202bn. But consolidated net debt was cut L2,465bn, to L15,330bn. Eni *said it planned to seek shareholders'* consent to issue up to L5,000bn in bonds.

MTV prepares for 24-hour service in Italy

By Alice Rawsthorn

MTV, the video music channel, will announce today that it is switching to round-the-clock broadcasting in Italy with a new distributor, Reta A, the terrestrial television channel, and appointing a new head for its Italian operation.

Mr Antonio Campo Dell'Orto, 32, will be named as managing director of the southern region of MTV Networks Europe, which puts him in charge of all the channel's broadcasting and marketing activities in Italy.

He has joined MTV from Canale 5, the Italian terrestrial television channel, with the brief of preparing for the launch of 24-hour broadcasting in Italy through Reta A on September 1. The new service will be accessible to 11m Italian homes.

Mr Brent Hansen, president and chief executive of MTV Networks Europe, said yesterday MTV had been looking for ways of expanding its Italian service for some time.

At present the channel is relayed for 11 hours a day by Telepiù, an Italian digital service. MTV already adapts some programmes for its Italian audience, but is keen to provide a fully-tailored service, in line with its general European strategy of targeting broadcasts to appeal to different regional markets.

Mr Hansen said the switch to Reta A would enable MTV to be "a heck of a lot more focused in Italy".

The channel will continue to be relayed on Telepiù's digital channel even after the 24-hour terrestrial service starts in September.

The launch of the new *Italian operation coincides* with a period of change at MTV Networks Europe, which is harnessing digital technology to refine its service to suit different regions.

The Northern European service has been specially devised for France and Scandinavia, and the Central European service for Germany, Austria and Switzerland. The Southern European service is relayed in Italy.

At present the UK receives the Northern European service, but a new UK version of MTV will be launched this autumn, together with M2, a channel specialising in alternative music which will be modelled on a similar concept introduced in the US last summer.

Antonio Campo Dell'Orto: in charge of MTV's Italian broadcasting and marketing

SKF posts sharp decline

By Greg McIvor in Stockholm

SKF of Sweden, the world's biggest supplier of roller bearings, yesterday disappointed the market with a *sharp fall in first-quarter* profits and a sober forecast for its main market of west Europe.

The group blamed pricing pressure and weakened margins because of changes in its product mix for a drop in *pre-tax profits from* SKr811m to SKr501m ($65.67m) – well below analysts' expectations.

SKF, regarded as an indicator of world industrial trends because of its presence in many markets, said it saw no signs of any imminent general upturn in west European demand.

Mr Peter Augustsson, chief executive, said sales in the region began to stabilise in the first three months of the year after a decline.

By contrast, he said, volume growth was expected to remain positive in other *markets, notably the US,* Asia and central and eastern Europe.

Latin America also *showed an improvement, in* spite of a SKr30m loss in Brazil because of price cuts triggered by import tariff reductions on automotive components.

Group turnover slipped from SKr8.88bn to SKr8.86bn, although sales rose 8 per cent in the first quarter over the fourth quarter last year.

Earnings per share dropped from SKr4.60 to SKr2.60. Operating profits in bearings, by far the biggest division, slid from SKr724m to SKr568m.

Investors responded to the weak figures by knocking SKr6 off SKF's most-traded B shares, which closed at SKr175.50.

SKF said a relative increase in sales to the high-volume, lower margin motor industry at the expense of *the after-market had hit* margins.

Mr Peter Näslund, senior analyst at Svenska Handelsbanken in Stockholm, said: "SKF has put a lot of emphasis on improving sales to the automotive industry and that leads me to see further deterioration in margins."

SKF said it had seen signs of improved demand in the motor industry but no hint of an upturn in the after-market.

Roche sales growth slips

By William Hall in Basle

A first-quarter slowdown in sales growth at Roche, the Swiss drugs company, was yesterday blamed on increas*ing competition from generic* drugs, as some of its top products lost their patent protection.

Yesterday's figures raised fears that Roche may no longer be able to meet its target of maintaining above-average growth in drug sales.

Pharmaceutical sales rose 19 per cent to SFr2.9bn ($1.975bn) for the quarter. However, adjusting for the sharp fall in the Swiss franc, the growth rate in local currencies dropped to 3 per cent, compared with a 10 per cent increase in 1996.

In the US, the group's most important market, sales of two of its biggest drugs were hurt by the launch of generic competitors. Roche said the declines were "sharper than expected". Without these two cases, global pharmaceutical sales growth would have beaten 6 per cent in local currencies.

Mr Fritz Gerber, 67, chair*man and chief executive,* said growth in the first quarter had been roughly in line with the market.

Roche has described 1997 as a transition year. For the first time in its history it will be launching three big new drugs – Posicor, a cardiovascular drug; Tasmar, used in the treatment of Parkinson's disease; and Xenical, a slimming pill.

Roche, the world leader in hospital sales, is hoping that its new products will increase its market share among general practitioners.

The most important of the three new drugs is Xenical, to be considered by US regulators on May 14. Half of the US population is overweight. Mr Samuel Isaly, of Mehta and Isaly, a New York research firm, said yesterday that Xenical had the poten*tial to be the biggest drug* Roche will ever market.

The growth of Roche's quarterly pharmaceutical *sales tends to be erratic.* But Ms Birgit Kullhoff of UBS in Zurich said first-quarter sales confirmed her view that Roche would not be able to post double-digit sales growth in 1997 and 1998. Roche certificates, the most widely traded share, fell 2.6 per cent on Monday and yesterday slipped another SFr80, to SFr11,850.

Repsol targets Latin America

Roadshow for the Spanish group's issue stresses new directions

Repsol pioneered government equity disposals in Spain, when in 1989 it became the first fully state-owned conglomerate to place stock on the markets.

As it completes its privatisation process with the Pta170bn ($1.2bn) issue on April 29 of the state's remaining 10 per cent stake, the domestic markets have learnt to take such disposals in their stride and Repsol itself has changed significantly.

Over the next two weeks Repsol's new chairman, Mr Alfonso Cortina, will tell international investors about new directions for the blue-chip corporation. Ahead *of the placement,* the roadshow meetings will focus on Repsol's expansion into Latin America and its shift into electricity generation.

Investors have grown used to Repsol coming up with new stories to sell state equity. Mr Oscar Fanjul, the founding chairman, originally sold a merger saga about the integration of the state's various petroleum and chemical interests. Later he unveiled an acquisition strategy that turned Repsol into Spain's dominant natural gas group with a 45 per cent stake in Gas Natural.

Mr Cortina, who took over from Mr Fanjul last June, faces the more complex task of improving shareholder value in an increasingly difficult business environment.

The domestic market that nurtured Repsol's growth – annual cumulative growth stood at 20.6 per cent between 1986-96 – is now mature and the government is stepping up deregulatory policies that chip away at Repsol's profitability. Last year, with cyclical losses from its chemicals division, squeezed refining margins and *large investment under*takings, Repsol managed a net income increase of just 1 per cent and its share price *was penalised.*

Fortunately for the conglomerate, what has also changed is the breadth and depth of the Spanish equity market; the offer will clearly benefit from the knock-on effect of unsatisfied domestic demand in the Pta627bn February issue of Telefónica stock that marked the privatisation of the telecoms group. Spain's small investors have already strongly oversubscribed the 55 per cent of the Repsol issue that they have been offered, and there is similarly robust demand on the domestic institutional tranche, which represents a further 8 per cent of the total offer.

The offering, which will be co-ordinated by Banco Bilbao Vizcaya, Banco Santander and Goldman Sachs, has a domestic cushion that was absent during previous issues, when foreign institutions fuelled demand for Repsol stock.

'We are betting strongly on gas for electricity generation both in Spain and in Latin America'

Mr Cortina and his roadshow teams will be travel*ling to meet institutions* from Edinburgh to San Francisco more out of politeness than necessity.

"*Frankly, this offering* could be placed entirely in Spain but we think it is right to include international funds in the offer, because they have been loyal to the stock from the start," Mr Cortina says.

He will tell the foreign funds that a stepped-up diversification strategy will recover strong profitability. Mr Cortina aims to double Repsol's operating income, from Pta199bn in 1996 to *Pta400bn by 2001.*

The strategy, which was initiated by Mr Fanjul, will build up Repsol's presence in Latin America, where it is already active in exploration and refining in Argentina and Peru. "Latin America offers unrepeatable opportunities for us," Mr Cortina says. "There is growth and stability, a strong Spanish presence and an ongoing privatisation process."

Mr Cortina wants Repsol's Latin American businesses to rise from contributing 17 per cent of operating income to 25 per cent by 2000. Analysts believe this could be a conservative estimate.

Diversification also involves a different mix in the group's basic business, along with plans to sell electric power to third parties. *Mr Cortina wants to boost* the group's natural gas business, which offers more stability and higher growth than the cyclical and volatile refining and chemical divisions. The cornerstone is a recent agreement between Repsol, Gas Natural and Iberdrola, the big domestic generating group. "We are betting strongly on gas for electricity generation both in Spain and in Latin America," he says.

If he succeeds, he will have turned Repsol, originally a domestic oil company, into an international *power group.*

Tom Burns

Acquisitions help Vendex advance 30% in year

By Gordon Cramb in Amsterdam

Vendex, the *Dutch* retailing and business services group, boosted 1996 net profits 30 per cent to Fl 539m ($278m) *as it acquired speciality shop* chains and extended its temporary employment and maintenance operations in to new markets. Vroom & Dreesmann, its department store chain, also expanded sales "for the first time in many years".

The results for the year to January, including revenues 7.9 per cent ahead at Fl 12.15bn, were the first full set since the group was floated on the Amsterdam Stock Exchange in 1995.

Vendex yesterday enlarged on plans, unveiled in January, to spin off the services side under the name Vedior.

This would seek to enter the UK and Germany, the two most important European markets in which it has no significant presence.

Mr Jan-Michiel Hessels, Vendex chairman, said a Fl 600m issue of Vedior shares would be offered on international capital markets by early July. Some three months after the placing of this "substantial minority", the rest of Vedior would be spun off to Vendex shareholders.

Operating income in business services rose 12 per cent to Fl 129m, on revenues 15 per cent higher at Fl 3.84bn. On the retailing side, profits jumped 29 per cent to Fl 352m as sales grew 5.4 per cent to Fl 8.18bn.

Vendex is paying a total dividend of Fl 2, up from Fl 1.50, on earnings per share of Fl 6.70, up from Fl 4.94.

INTERNATIONAL NEWS DIGEST

France Telecom valued at FFr150bn

A new research report has put the value of France Telecom, the state-owned telecoms operator due to be partly privatised this year, at FFr150bn-FFr180bn ($25.88bn-$31.05bn). The valuation, by ABN Amro Hoare Govett, the London-based broker, takes into account the interconnection charges France Telecom will be able to levy on its competitors once France's FFr117bn a year telecoms market is opened in 1998. It suggests the government may need to sell up to one-third of the company's capital if it is to hit its target of raising between FFr30bn and FFr50bn from the flotation.

The sale of a first tranche of the telecom operator's shares is on course to be the biggest French privatisation since Elf Aquitaine, the oil group, in 1994, and possibly the biggest ever. The early order period for the shares will start on May 6. They are expected to start trading on the Paris and New York stock markets on June 9.

David Owen, Paris

LVMH sales ahead 68%

LVMH-Moët Hennessy Louis Vuitton, the French luxury goods company, yesterday unveiled a 68 per cent rise in first-quarter sales, from FFr6.46bn in the 1996 period to FFr10.87bn ($1.87bn). It said the rise was mainly driven by its acquisition of a 61 per cent stake in DFS, the US duty-free chain. Excluding acquisitions and divestitures, sales rose 10 per cent.

By division, wine and champagne sales rose 14 per cent from FFr927m to FFr1.05bn, with notable volumes sales growth in the US. Cognac and spirits sales rose 9 per cent from FFr1.15bn to FFr1.25bn on a 7 per cent rise in *volume sales, again mostly coming from the US.* Luggage and fashion sales rose 27 per cent from FFr2.43bn to FFr3.08bn. Sales from its luxury goods distribution division shot up from FFr1.86bn to FFr5.45bn, mainly *because of the inclusion of FFr3.58bn in first-quarter sales* from DFS.

Lex, Page 16

AP-DJ, Paris

Ifil sees advance

Ifil, one of the quoted holding companies of Italy's Agnelli family, said yesterday it expected its consolidated net group profits for 1996 to be higher than the *L321bn* ($189m) profit of 1995. The Ifil SpA parent company's earnings last year are expected to show a rise of about 6 per cent from L130bn in 1995 to about L138bn. Portfolio income from the group's various holdings grew by more than 10 per cent. The Ifil board also considered the conditions of a possible investment in the imminent privatisation of Istituto San Paolo di Torino, Italy's largest banking group.

Paul Betts, Milan

Charge hits Holderbank

Holderbank, the world's biggest cement producer, is taking a SFr450m ($306m) after-tax charge to cover the cost of reducing excess capacity and heightened business risk. The group, which will close one of its Swiss cement plants, said yesterday that European construction activity had dropped to a markedly lower level, and it blamed saturated markets rather cyclical factors. In Switzerland, Holderbank's home market, cement consumption has dropped sharply from 6m tonnes a year in the 1970s and is expected to be no more than 3.5m tonnes in 2000. In 1996, total sales of cement and clinker rose 16.4 per cent to *62.3m tonnes. Net income before provisions in 1996* rose 5.7 per cent to SFr646m. Sales rose by 20 per cent to SFr9.95bn. After provisions, net income fell 68 per cent to SFr196m. The group plans to hold its dividend at SFr17 *per bearer share and SFr3.40* per registered share.

William Hall, Zurich

Acquisition buoys Océ

Océ, the Dutch reprographics group, showed a 62 per cent jump in first-quarter net profits to Fl 44.8m ($22.86m), as turnover, buoyed by the acquisition of Siemens-Nixdorf's printer division in Germany, rose 54.5 per cent to just under Fl 1.2bn. Messerli, its Swiss distributor consolidated from the start of this year, also contributed, it said. The annual shareholders' meeting yesterday approved a name change from the former Océ-van der Grinten.

Gordon Cramb, Amsterdam

Petronas, Engen in joint study

Petronas, the Malaysian oil group, and Engen of South Africa are planning closer co-operation. Mr Rob Angel, chief executive of Engen, said yesterday a joint study had been launched to see if Engen's big refinery at Durban could be expanded to produce petrochemicals for the fast-growing Indian Ocean market.

Petronas, which last year acquired a 30 per cent stake in Engen as part of its ambitious international expansion, is also keen for the South African company to make deeper inroads into other sub-Saharan downstream oil markets. Mr Angel, who was in London yesterday to meet analysts, said the infusion of Petronas funds had left Engen in a strong position to exploit opportunities for acquisitions in African markets.

Robert Corzine, London

Creditanstalt looks to Poland

Creditanstalt, the Austrian bank which has just been taken over by rival Bank Austria, is looking for acquisitions in Poland as it seeks to build its network in eastern and central Europe. Mr Alarich Fenyves, a member of the bank's managing board, said yesterday it would take too long to build Creditanstalt's eight branches into the 40-strong network he believed necessary to cover Poland.

In other countries, such as Hungary, Creditanstalt expects to be able to expand without acquisitions. Its operations in eastern Europe are now among the largest of any western bank. The Austrian bank was beaten this month in a bidding war for Polski Bank Inwestycyjny, losing to Poland's Kredytbank. While most of Poland's banks are regionally based, PBI was unusual in offering a nationwide branch network.

George Graham, Banking Correspondent

Androsch launches Salinen bid

Former Austrian finance minister and banker Mr Hannes Androsch has returned to centre stage with a bid for Salinen, the company that for centuries enjoyed monopoly rights on salt production in the Austrian Alps. State holding company OIAG said Mr Androsch, together with Raiffeisen Landesbank Oberösterreich made "the best offer in terms of price and other criteria". The bid was reported to be more than Sch830m ($68.43m). Salinen lost its monopoly salt rights after Austria joined the *European Union in 1995. It* then shifted its focus to tourism and other activities.

Eric Frey, Vienna

Merger-related savings and expansion strategy behind improvement

Chase, Citicorp start year well

By John Authers in New York

Chase Manhattan and Citicorp, the two largest US banks, both announced first-quarter results sharply ahead of analysts' expectations yesterday.

Chase Manhattan reported what analysts believed to be the first clear-cut savings as a result of its 1995 merger with Chemical Banking, and improved its earnings despite revenue growth which Mr Walter Shipley, chief executive, admitted was below target.

Its efficiency ratio (total expenses as a proportion of revenue) improved from 58 to 54.5 per cent, thanks to a 2 per cent fall in expenses. This reflected incremental merger savings of $205m.

US Banks - First Quarter 1997 (ranked by assets)

Bank	Assets at 31/3/97 $bn	Net income Q1 1997 $m	Net income Q1 1996 $m	Earnings per share Q1 1997 $	Earnings per share Q1 1996 $
Chase	349.3	927	(89)	1.97	(0.32)
Citicorp	290.4	995	914	2.01	1.75
NationsBank	239.0	709	513	0.94	0.84
First Union	134.9	471	243	1.67	0.85
First Chicago	108.1	380	340	1.17	1.03
Wells Fargo	101.9	339	264	3.62	5.39
Banc One	101.8	371	346	0.86	0.77

Source: Companies

Chase also repurchased $609m in common stock during the quarter.

Net income was $927m, against a loss of $89m in the equivalent quarter last year, when Chase took a merger-related charge of $1.026bn.

Citicorp, the only large US commercial bank to eschew significant acquisitions in the past few years, grew despite relatively heavy growth of 11 per cent in its operating expenses compared with the equivalent quarter of 1996.

Mr John Reed, chief executive, made it clear the bank intended to expand aggressively, particularly in emerging markets.

Net income rose 9 per cent, from $914m to $995m, despite a $60m pre-tax charge to cover the award of performance-based options to executives.

The proportion of loans written off on its US credit cards increased to 5.91 per cent, up from 5.45 per cent in the preceding quarter, and 4.38 per cent in the first quarter of last year. Net income from cards worldwide fell $37m, or 14 per cent, to $224m compared with the previous quarter.

However, Citicorp's expansion into emerging markets continued, with net income growing by $60m to $450m, despite a 19 per cent increase in expenses in the area. This was caused by its "embedded bank" strategy, aimed at recruiting new customers.

According to Mr Tom Jones, a Citibank director: "Quite frankly, the returns in the US don't cover the risks one takes as well as they do in the emerging markets. That is where we think our expertise lies."

By midday, Citicorp shares were up $2 at $108¾, while Chase's rose $1⅞ at $92¾.

US banks exceed expectations

By John Authers

Bank shares enjoyed a strong rally on Wall Street yesterday morning as the largest US banks announced first-quarter results comfortably better than analysts had predicted, while low inflation figures damped speculation that there would be continued rises in US interest rates.

Efficiency ratios strengthened across the sector, reflecting improved use of technology, and in many cases the impact of mergers. Several banks have adopted a policy of concentrating on their most profitable businesses and specialising in specific products, which also helped the trend.

Earnings growth on corporate lending exceeded Wall Street estimates. However, losses on consumer loans, particularly credit cards, continued to rise. This confirmed the problem had not peaked for the industry, despite optimistic forecasts six months ago. But analysts said they were confident that bank balance sheets were strong enough to withstand the problem.

Mr Michael Mayo, banking analyst at Credit Suisse First Boston, commented: "The US banking industry is showing some of the best efficiency it's seen in several decades. It's a long-term secular trend."

Mr Thomas Hanley, banking analyst at UBS Securities, said the recent fall in stock prices provided banks with a buying opportunity in their own stocks. Most are already engaged in share buy-back campaigns, and he predicted heavy purchases, once the banks have allowed the statutory waiting period to elapse after announcing their results.

NationsBank, the fourth largest US bank, which completed its $9.5bn acquisition of Boatmen's Bancshares early in the first quarter, saw its earnings per share rise 14 per cent to 97 cents, despite issuing shares to finance the merger.

Non-interest income, from businesses such as fund management, increased by 26 per cent to $1.11bn. Interest income rose 25 per cent to $1.98bn. NationsBank's efficiency ratio, expressing total expenses as a proportion of revenue, held steady at 55.3 per cent, following heavy job cuts at Boatmen's.

Wells Fargo, the San Francisco bank which completed its hostile takeover of First Interstate of Los Angeles in the first quarter of last year, announced net income of $339m for this year's first term, up 28 per cent from a year ago.

Mr Paul Hazen, chairman, said the bank was halfway to its target of reducing annual expenses by $800m as a result of the merger.

The expense ratio was 60.3 per cent, which was well above the 55.1 per cent recorded at the end of March last year but sharply below the 82 per cent reported in the fourth quarter.

First Chicago NBD, the result of a friendly merger in 1995 between First Chicago and National Bank of Detroit, confirmed the pattern with earnings per share of $1.17, which was 2 cents ahead of consensus predictions. It cited cost controls as the main reason.

Caterpillar ahead of forecasts at $394m

Shares of Caterpillar rose almost 3 per cent after the US heavy equipment maker reported earnings much higher than analysts' expectations and forecast growing profit for the year, reports Reuter from Chicago.

Earnings for the first quarter were $394m, or $2.08 a share, well above estimates of $1.69 a share.

The company also said it expected 1997 profits to be higher than the $1.4bn, or $7.07 a share, reported for 1996, based on sales that it expects to be moderately higher.

The earnings outlook is a switch from January, when the company forecast profits near 1996 levels, and is the result of better economic growth and higher machine industry demand in the US and Canada.

Earnings per share for the year are expected to be "moderately higher", reflecting the benefit of the company's share repurchase programme, Caterpillar said.

Margins rose to 26.8 per cent in the first quarter from 24.5 per cent a year ago.

The increase was primarily due to price increases over the past year, higher physical sales volume, a favourable change in geographic sales mix, lower sales discounts and the net effect of the stronger dollar.

"This is just a very, very solid operating quarter," Mr J. Blair Brumley, analyst at Dain Bosworth, said.

Caterpillar shares were up $2⅜ at $81¾.

AMERICAS NEWS DIGEST

US phone groups maintain progress

US telephone companies lifted first-quarter earnings above expectations, despite heavy investment in new ventures, helped by strong momentum in core business.

Sprint, the nation's third-largest long-distance carrier, beat Wall Street projections by 4 cents a share, while Ameritech and GTE were each a cent above expectations. St Louis-based Sprint earned 13 per cent less than in the year-ago quarter because of its investments in Internet access, wireless communications and its Global One international venture. However, investors had been braced for a drop of at least 18 per cent. Profits were $290m, or 67 cents a share, on revenues of $3.6bn. In last year's first quarter the company earned $309m, or 77 cents a share, on revenue of $3.37bn.

Investments cut 21 cents a share from earnings, a little less than expected. Excluding new ventures, Sprint posted a 14.5 per cent increase in income from core operations to $384m or 88 cents a share. Earnings were affected by a 9 per cent increase in the number of shares outstanding and an increase in Sprint's tax rate, company officials said.

The number of calling minutes on Sprint's network, a key indicator of health in the core business, jumped 14 per cent from last year's level, and 6 per cent from the fourth quarter.

GTE's first-quarter net earnings of 69 cents a share beat the Wall Street consensus expectation by one cent, as the company demonstrated its continued capacity to charge ahead on all cylinders. The local and long distance communications supplier reported earnings of 62 cents in the first quarter a year ago. The number of domestic access lines grew 1.5m, or 8 per cent, to 20.3m. Total minutes of use in its domestic network rose about 14 per cent to 19.8bn. Revenues rose 7 per cent to $5.29bn.

Ameritech increased the number of access lines 3.2 per cent compared with the first quarter of 1996, to 19.9m. It also reported a 33 per cent growth in cellular customers, to 2.7m subscribers. First quarter earnings were 97 cents a share against 86 cents last year. Net income rose 12.1 per cent to $536m, making it the company's 14th consecutive quarter of double-digit earnings growth before one-time items, it said. *AP-DJ, New York*

Pfizer hits forecasts but warns

Pfizer, the US drugs group, announced first-quarter net income of $602m or 93 cents a share, in line with analysts' estimates, against $517m or 81 cents a share in the comparable period. Revenues were $3bn, compared with $2.68bn in the first-quarter of 1996.

Mr William Steere, chairman and chief executive, said that, given the strength of the dollar, foreign exchange factors would reduce sales and income growth for the full year by 2-3 percentage points. "These factors combine to make our earnings outlook even more uncertain than in the recent past, although we continue to expect double-digit growth in both sales and net income for the year," he said.

The increase in sales was driven largely by volume, with a 1.4 per cent positive impact from prices more than offset by a negative 1.8 per cent effect from foreign exchange rates, Pfizer said. *AFX News, New York*

Argentine steelmaker buys

Argentine steelmaker Siderar has bought Comesi, a local maker of flat galvanised steel, for $65m. "The acquisition is made in line with Siderar's strategy to complement the company's current painted products output," Siderar said.

It said the acquisition aimed to offer the building sector a complete range of high added value products made under an integrated industrial scheme. Comesi was previously 26 per cent owned by Mexican steel and industrial company Grupo Imsa, which bought the stake in January for $12.4m.

Mr Eugeno Clariond Reyes, chief executive officer of Imsa, said: "The acquisition of Comesi was in line with our strategy to expand and take advantage of opportunities offered by Mercosur [the South American trade bloc]. Given the excellent price obtained for the Comesi shares we believe that this decision is in the best interest of our shareholders." *Reuter, Buenos Aires*

Interest in Knight-Ridder unit

Four parties have approached Knight-Ridder about the potential purchase of its information unit, said Mr Anthony Ridder, chairman, and he expects the sale of the unit by the end of 1997. Knight-Ridder Information was put up for sale as a result of the parent company's decision to acquire four newspapers from Walt Disney. *Reuter, Philadelphia*

Itausa reshuffles group

Itausa group, one of Brazil's largest private conglomerates, is to transfer control of its insurance unit Itau Seguros to Banco Itau under a restructuring of the group's holdings. Banco Itau, Brazil's second-largest private bank, will assume control of 91.6 per cent of the insurance unit and increase Itau Seguros' capital by R200m. *Reuter, São Paulo*

Kodak sales resume growth

By Richard Waters in New York

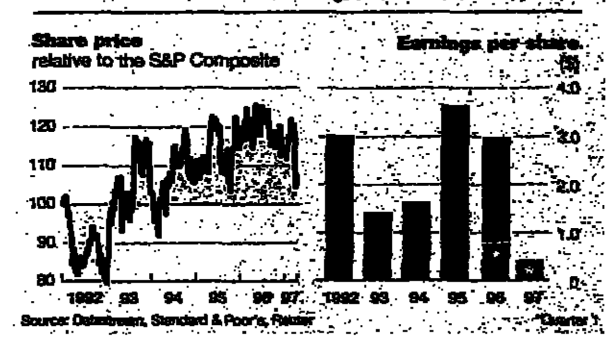
PROFILE

Eastman Kodak

Market value: $24.3bn Main listing: New York

Historic P/E	24.4
Gross yield	2.3%
Earnings per share	$3.00
Current share price	$73.13

George Fisher: chief executive, president



Source: Datastream, Standard & Poor's, Reuter

Eastman Kodak staged a partial sales recovery during March, in the process salvaging something from what otherwise was one of its most disappointing quarters since Mr George Fisher took over as chief executive four years ago.

The US photographic products company had already warned that its sales growth, which reached 7 per cent in 1996, had stalled in the first two months of this year. The surprise news had served to wipe more than 10 per cent from its stock market value.

Yesterday, the company said that its sales had started growing again in March, contributing to a 2 per cent underlying increase in sales for the quarter as a whole, to $3.1bn.

That was 7.5 per cent below the revenues the company actually reported a year ago, before the sale of its office imaging unit.

Mr Fisher said the figures were "unsatisfactory" and added: "We need to improve our execution to achieve results which reflect the company's true potential."

Despite the slowdown, Mr Fisher said the company would not change its strategies, and that it still believed in the long-term prospects from emerging markets, despite sales from these countries which were "essentially flat" in the quarter.

Other factors behind the slowdown were the translation effects of a higher dollar, which wiped 3 per cent from sales growth, and lower prices, Kodak said.

A 12 per cent increase in sales in consumer markets in the US during the quarter, to $625m, enabled the company to register at least some underlying growth. Consumer sales outside the US slipped 2 per cent, to $877m.

Overall, the company reported a 46 per cent decline in after-tax earnings to $149m, or 45 cents a share.

Merrill at record while Salomon slips

By Tracy Corrigan in New York

Merrill Lynch and Paine Webber Group yesterday reported record quarterly earnings, while Salomon's earnings came in below last year's and below analysts' estimates. Salomon reported net income of $173m in the first quarter, down from $310m in a strong first quarter a year ago.

The weaker-than-expected results were largely caused by the poor performance of its proprietary trading operations in financial and commodity markets.

"Overall first quarter performance was satisfactory, with market conditions that were more difficult than generally prevailed in 1996," said Mr Robert Denham, Salomon chairman.

However, analysts said market conditions had been broadly favourable, as the recent market weakness had mostly occurred after the end of the quarter. Nevertheless, Salomon's return on equity of 13.4 per cent was below its long-term average target of 15 per cent.

However, Ms Sallie Kraw, securities industry analyst at Sanford Bernstein, said that because of Salomon's reliance on proprietary trading, its performance was less closely tied to financial markets than those of other securities firms.

Among the bright spots in Salomon's results was the reported 20 per cent rise in investment banking revenues, while net equity sales and trading revenues jumped to $253m in the first quarter from $64m a year ago. But commodities trading, through Phibro, produced revenues of only $25m, down from $235m in the first quarter of 1996.

Merrill Lynch reported record net income in the first quarter of $465m, up 14 per cent year-on-year and 5 per cent above the previous record, for the fourth quarter of 1996. Return on equity was 28.3 per cent. The board approved a quarterly dividend rise from 30 cents to 40 cents and a two-for-one stock split – the second in less than four years.

Total assets in Merrill Lynch client accounts reached a record $868bn at the end of the quarter, up $137bn from a year ago and up $29bn from the previous quarter. Investment banking revenues jumped 61 per cent to $608m.

Paine Webber reported net income of $100.8m, just above the previous record set a year ago.

At about midday, Salomon shares were $¼ higher, at $52⅛, in a rising market, despite earnings per share of $1.37, below estimates of $1.50. Merrill shares rose $2⅞ to $90⅝, after it produced earnings per share of $2.34, beating estimates of $2.01.

Intel revenues up 39% in first quarter

By Louise Kehoe in San Francisco

Intel, the world's leading semiconductor group, showed its dominance of the world microprocessor chip market with a 39 per cent rise in first-quarter revenues and a 116 per cent jump in earnings per share.

Strong demand for Pentium microprocessors with the latest multimedia enhancement technology (MMX), as well as for Intel's highest-performance Pentium Pro chips, drove revenues to $6.4bn, up from $4.6bn in the first quarter of 1996.

Net income for the period was almost $2bn, up from $894m last time. Earnings per share more than doubled from $1.02 to $2.20. The earnings were well above Wall Street analysts' official projections of about $2.07 a share and at the high end of the most optimistic unofficial forecasts.

Gross margin, as a percentage of revenues, rose to a record 64 per cent, compared with 48 per cent in the first quarter of 1996 and again well ahead of the company's long-term expectations of about 50 per cent.

The margin rise was owing primarily to a favourable mix of products sold. Intel's profit margins on chips and chip sets are higher than those for its systems and circuit board products.

Intel warned, however, that analysts should not expect a continued rise in profit margins. Revenues for the second quarter would be "flat to slightly up" from the first quarter. Expenses, which stood at $1.3bn in the first quarter, would increase by about 7-9 per cent in the second quarter, officials said. Gross margins for the year were expected to be at or slightly above 60 per cent.

After a sharp drop last Friday, when Intel's shares lost $6⅞, the stock gained $3⅛ on Monday to close at $133⅝ before the earnings release. They fell back $3⅝ in early trading yesterday to $130⅛.

"1997 will be a year of major product transitions for Intel," said Mr Andrew Grove, president and chief executive. Following the first-quarter launch of the Pentium processor with MMX technology, Intel would next month introduce the Pentium II microprocessor, aimed at high-performance computer systems, he said.

"As we shift to these more powerful processors, our challenge, as always, will be to add manufacturing capacity fast enough to supply all market segments," Mr Grove said.

Intel plans to spend $4.5bn on new plant and equipment this year. Depreciation – an important factor in the capital intensive semiconductor industry – is expected to be about $2.5bn for the year. Research and development spending in 1997 is expected to be about $2.4bn.

Big Japanese banks set for overall loss

By Gillian Tett in Tokyo

Japan's largest 20 banks are likely to report another collective loss in their 1996 fiscal results next month – dashing earlier forecasts that the sector would have returned to a healthy level of profit last year.

A spate of recent profit forecast downgrades by the largest banks has left analysts projecting a collective recurring profit loss of about Y25bn ($198m).

This loss total, which is largely a result of fresh provisions for bad loans and stock market weakness, is tiny beside the record Y3,283bn loss of 1995, when the banks took heavy provisions against bad loans incurred as a result of the property market collapse.

A second year of loss in 1996 would contrast sharply with 20 banks' half-yearly forecasts last autumn, which implied that they would collectively report recurring profits – profits before tax and exceptionals – of Y1,130bn this year.

The weaker than expected results could fuel unease about the speed at which Japan's banking sector can rebound from its bad loan problems in an increasingly competitive business climate.

The recent profit downgrades suggest that differences are widening between the largest banks.

One of the worst performers, for example, is the troubled long-term credit bank, Nippon Credit Bank, which recently announced a restructuring plan and a business tie-up with the US group Bankers Trust. NCB has revised its forecast from a profit of Y160bn to a loss of Y350bn.

Only two other banks expect actual 1996 losses. Dai-Ichi Kangyo, which has been slower than other banks to write off bad loans, is now projecting a Y300bn loss from an earlier forecast Y40bn profit. Nippon Trust is also expecting a loss of Y2.5bn.

However, many other banks have also been raising their bad loan provisions from previous estimates. Although many analysts suspect that the pace and scale of the bad loans provisions is slightly arbitrary, the rise may partly reflect banks' exposure to NCB's non-banking affiliates which went bankrupt earlier this month.

A group of security houses yesterday also said they had been hurt by the equity market weakness. Daiwa, Nikko, Yamaichi and Kokusai said that market movements had left them with appraisal losses of Y20.5bn, Y25.4bn, Y13.1bn and Y3.9bn, respectively.

The announcement of these losses partly reflects the fact that the security houses are moving to internationally compatible accounting systems.

Troubled Jinro in $1.34bn asset sale

By John Burton in Seoul

South Korea's Jinro liquor and food group, which has been the subject of recent Seoul stock market speculation about its possible insolvency, yesterday said it planned to sell Won1,200bn ($1.34bn) of assets to improve its finances.

The financial problems of Jinro, which is one of Korea's top 30 conglomerates, follows the collapse this year of the Hanbo and Sammi steel groups, two leading industrial groups.

The share prices of Jinro's two listed subsidiaries fell by their daily permissible limit after the announcement about asset disposals, which seemed to confirm rumours of cash flow problems.

Jinro described the asset sale as "a self-rescue effort following recent difficulties in raising new money from financial institutions". Banks and other financial institutions have cut lending to heavily-indebted groups after the Hanbo and Sammi bankruptcies.

The group will sell industrial land in Seoul and food production plants and warehouses elsewhere in the country to reduce its Won3,000bn debts.

Analysts were divided on whether the asset sale would allow Jinro to survive. "This is an acknowledgement that Jinro is in trouble," one analyst said. "It is unlikely to find buyers for the land since the price appears to be inflated," while the domestic property market is sluggish.

But another said: "Jinro will survive. It has strong cash flow from its liquor operations and it is sitting on prime land in the Seoul area."

Jinro's financial problems are attributed to its rapid expansion into new businesses in the last decade, including department stores and construction, which raised the number of its subsidiaries to 24 from nine affiliates in 1984. "Jinro has bought lots of land in Seoul over the last several years, which has tied up capital as it waits to develop it," one analyst said.

In addition, Jinro has faced increased competition in several of its liquor businesses. It set up a joint venture beer company with the US brewery Coors in 1994. Although sales of its Cass brand have grown, earnings have been hit by price competition from other established domestic breweries.

San Miguel-Amatil share deal challenged

By Justin Marozzi in Manila

A challenge was issued yesterday to the recent deal between San Miguel, the Philippine food and beverage group, and Coca-Cola Amatil of Australia.

It came from Mr Eduardo Cojuangco, former chairman of San Miguel and ally of the late president Ferdinand Marcos, who claims that a 48 per cent stake in San Miguel – held by the Presidential Commission on Good Government – is rightly his.

The PCGG was set up by former president Corazon Aquino to recover assets believed to have been fraudulently acquired during the Marcos regime.

The case, brought 10 years ago to resolve the ownership issue, is still being heard by the Supreme Court.

At yesterday's annual shareholders' meeting, Mr Cojuangco's group lodged a formal protest against the $2.9bn share-swap deal, announced earlier this month, in which San Miguel exchanged its 70 per cent stake in its local Coca-Cola bottler for a 25 per cent stake in the enlarged Coca-Cola Amatil group.

The deal, which has been unfavourably received by the market, was approved yesterday.

Mr Magtanggol Guniundo, PCGG head, expressed reservations over the terms of the deal, in particular its valuation and the fact that San Miguel would only be taking three seats on the board.

Mr Francisco Eizmendi, president, said the exact terms had not yet been fixed.

On Friday, a court ruled the government could resume voting the 48 per cent stake, a move that Mr Cojuangco's lawyer said called into question the right of the majority of the board to determine the company's policy.

Analysts say it is difficult to assess the precise effects of the long internal dispute on the company's fortunes.

"In the near term, I don't think the share ownership is particularly unsettling," said Ms Alex Connor, analyst at W.I. Carr in Manila. "Longer term, however, I think it is likely to be more disruptive to both shareholders and management."

Trying to burst the bubble: Eduardo Cojuangco claims 48 per cent of San Miguel is his Popperfoto

Profits halve at Shanghai Petrochemical

By James Harding in Shanghai

The slump in the prices of plastics and petrochemicals and the rising cost of crude oil in China caused a sharp fall in profits at Shanghai Petrochemical last year.

The company, one of China's largest petrochemicals producers, reported net profits of Yn1.01bn ($121.7m), down 52.6 per cent on the previous year.

Turnover for the year to December 31 was flat at Yn11.9bn despite increased sales volumes in the four main product lines: synthetic fibres, resins and plastics, intermediate petrochemicals and petroleum products.

The results disappointed analysts in Hong Kong and Shanghai, who had been expecting a fall in profits, but had not foreseen such a sharp rise in costs nor anticipated such a steep fall in earnings.

The company reported that the weighted average price of crude oil, which accounts for nearly half its total sales costs, increased by 20.1 per cent from 1995. At the same time, prices for different core products fell by between 5 per cent and 23.5 per cent.

Profits were also hit by a Yn161m exceptional item, arising from new regulations on housing company workers.

The shares, which are listed on the Hong Kong stock market, closed yesterday at HK$1.94, down from HK$2.02 the previous day. The management announced a dividend of Yn0.08 a share, equivalent to Yn8 for each American Depositary Share registered in New York.

The company said it believes "further declines of the current low product pricing are unlikely and that the industry should be able to take advantage of China's economic reforms and gradually recover within two years."

But it warned that the cost of crude oil was likely to rise again in 1997, putting further pressure on the company to improve production and marketing.

Ms Alex Conroy, petrochemicals analyst at ING Barings in Shanghai, did not expect profits to get any worse this year. She added: "We are looking at a flat picture for 1997 and then some recovery in 1998."

In the medium term, the pressure is on Shanghai Petrochemical to join the ranks of large-scale Asian petrochemical producers, which seek to dominate the regional market by building capacity.

Last year, Shanghai Petrochemical signed an agreement with British Petroleum to study the feasibility of a joint venture for a 650,000 tonne ethylene plant, which is estimated to cost more than $1bn.

ASIA-PACIFIC NEWS DIGEST

Ayala Land edges ahead in quarter

Ayala Land, the Philippines' flagship property company, yesterday announced first-quarter net profits edged ahead slightly from 1.24bn pesos to 1.42bn pesos ($53.9m) after solid performances from key projects in the capital's business district.

Sales dropped from 3.74bn pesos to 3.21bn pesos in the three months to March 31. In Makati, Manila's central business district, rental revenues from its commercial centre, office towers and land developments rose 24 per cent to 506m pesos. Earnings from the condominium sector grew 24 per cent to 483m pesos.

The group said it would record healthy growth in 1997 with the launch of new projects and strategic alliances.

Justin Marozzi, Manila

Shanghai Dajiang falls

Shanghai Dajiang, one of China's biggest producers of feed grain, yesterday reported a sharp drop in profits as growing competition in the feed and chicken meat industry pushed down prices.

The company's net profits for 1996 fell 39.49 per cent to Yn118.7m ($8.8m) on sales slightly lower at Yn2.53bn, against Yn2.55bn.

Analysts in Shanghai, who have been advising investors to sell the stock, said they were not surprised by the fall, having witnessed growing pressure on prices.

The company has come under increasing pressure from rival feed producers, notably the Hope Group, the large Sichuan-based feed business. Dajiang cut prices of its animal feed by 15 per cent last month, following price cuts of between 10-35 per cent by Hope.

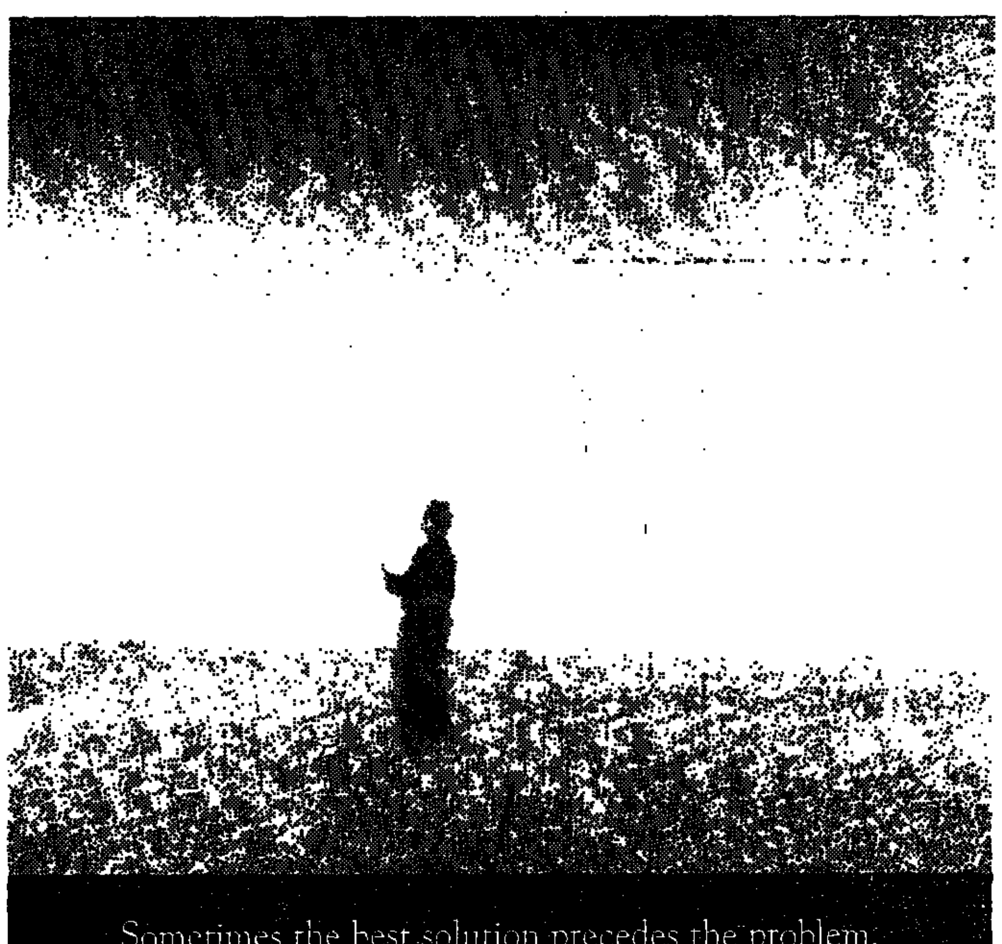
James Harding, Shanghai

S&P rates Satelindo triple-B

Satelit Palapa Indonesia (Satelindo), the privately-owned Indonesian satellite communications and mobile phone services company, has been assigned an investment grade rating by Standard & Poor's. The triple-B rating comes as Satelindo considers an initial public offering either later this year or in early 1998.

Standard & Poor's said Satelindo's outlook was stable and that its rating reflected "the large growth potential for telecoms services in Indonesia".

Manuela Saragosa, Jakarta



In its first results since the merger losses were £111m after restructuring costs

LucasVarity's £150m distribution

By Tim Burt

LucasVarity, the Anglo-US engineering group, yesterday surprised the City by announcing a larger-than-expected £150m ($243m) share buy-back and dividend programme.

The company, reporting its first results since last year's £3.2bn merger of Lucas Industries and Varity Corporation, said it planned to spend about £90m repurchasing its own shares and a further £60m on an annual dividend of 4.5p.

Some UK institutional shareholders, which last year received a 7p dividend from Lucas, yesterday claimed the company had opted for a split buy-back and dividend policy after they rejected plans to abandon dividends altogether.

Mr Victor Rice, chief executive, said LucasVarity had won the support of its largest UK and US shareholders both for the proposed £150m distribution and its aggressive £250m restructuring of the company.

"We can fully fund this programme and still deliver bottom line growth of 20 per cent this year and next," he said.

Mr Rice was speaking after LucasVarity reported pro forma operating profits up from £319m to £336m on sales of £4.6bn (£4.43bn) in the year to January 31.

The group, however, showed a pre-tax loss of £110.7m on sales of £2.67bn for the eight month since the merger was completed.

Mr Rice blamed the losses wholly on the £250m exceptional restructuring charge, which is expected to lead to 3,000 redundancies and 13 non-core disposals this year.

Going forward, he said the group was overcoming difficult conditions in some markets and adverse currency translation with strong growth in areas such as diesel engines and aerospace components.

Nevertheless, shares in the group fell 2½p to 198p as several analysts downgraded profit forecasts for this year from £365m to about £340m.

Some warned that LucasVarity would find it difficult to deliver the promised £120m of annual cost savings while also generating significant volume growth.

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Mowlem to float 49% of SGB arm

By Andrew Taylor, Construction Correspondent

John Mowlem construction group will today announce plans to sell 49 per cent of its SGB scaffolding-to-ladders offshoot, in a placing expected to value the business at more than £100m ($162m).

Mowlem, which bought SGB for £160m in 1986, will seek a listing for the shares. It will use the proceeds to pay for the early redemption of a £50m eurobond and to invest in other parts of its business.

SGB, founded in 1903, is one of the world's largest companies selling and hiring out access equipment for construction. Mowlem has previously sold large parts of the business which suffered badly in the early 1990s. It made a £28m loss in 1993 when its French operations were substantially restructured.

Operating profits since the business was rationalised have risen steadily, increasing 36 per cent last year to £16m. Sales rose by 7 per cent to £263.2m. The company employs 4,000 in 20 countries.

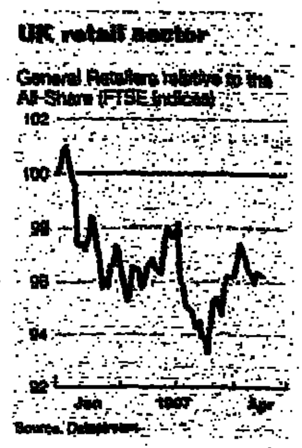
It recently erected the world's largest free-standing scaffolding round the Albert Memorial which is being restored in London's Hyde Park. Recent international contracts include work on the world's tallest buildings, the twin Petronas towers in Kuala Lumpur.

Mr John Gains, Mowlem's chief executive, said: "We believe SGB will be better placed to raise capital and attract quality management as an independent company, leaving Mowlem to concentrate its efforts on running its core businesses."

The early redemption of the eurobond is expected to cost Mowlem £54m-£57m, but will save £1.7m gross in annual interest payments. SGB is expected have debt of about £40m following the placing.

LEX COMMENT

Flotation windfalls



Can the demutualising building societies come to the rescue of the UK retail sector? Fears of higher interest rates have caused investors to dump retail stocks in recent months. But now comes news that 27 per cent of Alliance & Leicester shareholders plan to sell their shares immediately upon flotation. If members of the other four institutions planning to list behave similarly, as much as £6bn could flow into the economy. Alas, life is unlikely to prove so simple for retailers. The conversion of A&L was well telegraphed and therefore attracted an unusually high number of carpet-baggers. The 16 per cent of National & Provincial owners who sold in the first four months after N&P's takeover by Abbey National last autumn is a better guide. But even if the higher figure of immediate sellers is representative, it does not follow that the money will flow straight into the high street. It could go towards paying down debt, while research suggests that if it is spent it will go largely on holidays and home improvements.

Retailing shares seem set to suffer almost regardless. First, the high street looks an unlikely beneficiary of a spending windfall. But, second, fears of a spending spree ending in higher interest rates anyway seem set to depress retailing shares. The fiscal outlook is hardly more encouraging. A new government will face a deafening clamour to improve public finances by raising taxes. Consumer sentiment must inevitably suffer. In short, an inauspicious combination for retail stocks.

Rico buy lifts Boosey

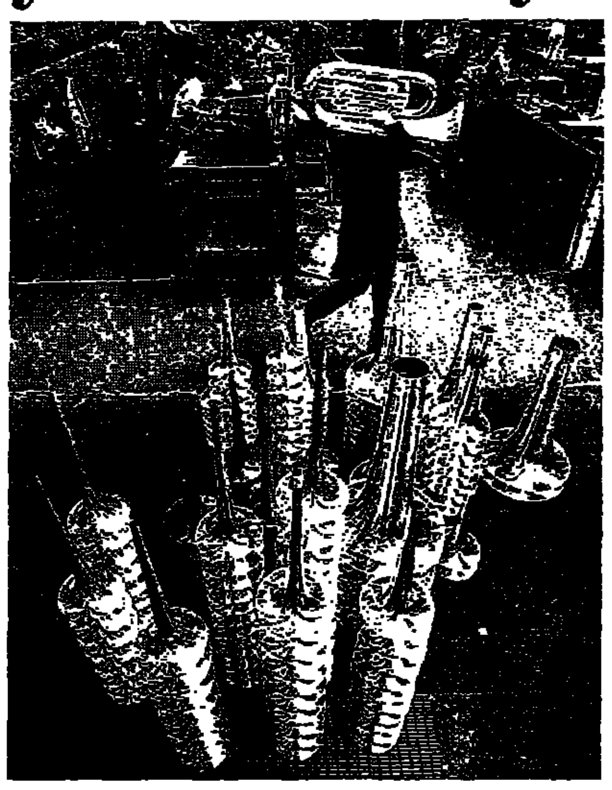
By David Blackwell

The acquisition of Rico International, the clarinet and saxophone reed maker, helped Boosey & Hawkes to boost profits last year by a quarter.

The musical instrument and publishing group reported pre-tax profits up from £6.17m to £7.7m ($12.5m) on sales 8 per cent ahead at £94.4m (£87m). Rico, bought in August for £17.9m in cash, accounted for most of the £764,000 profits contribution from acquisitions.

The shares – almost half of which are in the hands of Carl Fischer, a private US music publisher that has held them for almost 30 years – rose 57½p to a 12-month high of 822½p.

Mr Richard Holland, chief executive, said the group was "still excited" by Rico, which would continue to operate as a stand alone company in California. However the synergies with the rest of the group would be exploited through joint promotion programmes for instruments and reeds.



Colin Beere

In tune: instrument division buoyant

The acquisition helped the instrument division to overtake the much higher margin music publishing side for the first time. Operating profits from instruments were 23 per cent ahead at £5.14m, and would have been £200,000 higher but for the strength of sterling.

Music publishing profits suffered a £300,000 hit from the currency effect, coming in 2 per cent ahead at £4.84m. Sales were ahead by 9.5 per cent at £24.9m following last year's acquisition of Bote & Bock in Germany.

BT audience lauds Concert overture

By Alan Cane in London and Peter Wise in Lisbon

British Telecommunications' 2.3m shareholders yesterday overwhelmingly approved its planned merger with MCI of the US, as the likelihood of a new partner in mainland Europe for the alliance grew stronger.

Some 831 shareholders crowded into the Wembley Conference Centre in north London to hear Sir Iain Vallance, BT chairman, claim that the merged company, Concert, would be: "The world's best market defender coupled with the world's best market attacker."

BT is renowned for fighting off attacks on its domestic market, while MCI has a record of market innovation in the US. After the EGM, held to secure investor approval for the $20bn (£12.3bn) merger, BT said 99.8 per cent of institutional investors had voted in favour. Some 30 per cent of individuals, with 26 per cent of the equity, had voted and they were 98 per cent for it.

Also yesterday, Portugal Telecom announced a strategic alliance with BT and MCI which will give it the exclusive distributorship for Concert services in Portugal.

Portugal Telecom will today sign a share-swap agreement with Telefónica, the privatised Spanish operator, which is to acquire 3.5 per cent of Portugal Telecom. The Portuguese group's stake in the Spanish operator will be 1 per cent.

The deal is aimed at developing joint ventures in the Iberian peninsula and Latin America, and is a further strong indication that Telefónica will decide to pull out of Unisource, a European alliance of the national operators in the Netherlands, Switzerland and Sweden, in favour of Concert.

The Telefónica board is anxious to strengthen its presence in North and South America through an alliance with a US partner. It is known to have narrowed the choice to MCI and AT&T, the largest US operator.

Observers said yesterday a final decision was expected this week.

Banco Santander, BT's Spanish partner, said its stake in Airtel, a mobile phone operator and rival to Telefónica's mobile companies, was for sale. BT has a 16 per cent stake in Airtel, which it could be forced to sell if an alliance with Telefónica is forged.

Cold weather in Germany hits Watts

By Charis Gresser

The clay supplier, Watts Blake Bearne, yesterday blamed a stronger pound and freak weather for a slip in annual pre-tax profits, its first since 1991.

Ten weeks of severely cold weather in Germany, where Watts has its second largest mining business, caused problems both in extracting the clay and shipping it to customers via Europe's frozen canals.

Pre-tax profits in 1996 fell from £11.2m to £10.7m ($17.3m) on turnover down 2 per cent to £102.9m.

Mr Graham Lawson, chief executive, said adverse currency movements had shaved £450,000 off profits.

In the UK, Watts' largest business area, sales slipped 3 per cent, but profits were maintained through cost control and some price increases. In Germany, sales slumped 6 per cent and profits were "just lower" than last year's figure on translation into sterling.

The company is investing in mines in the Ukraine and Indonesia, which it reckons will break even by 1998.

Finance director set to quit Waterford

By John Murray Brown in Dublin

Waterford Foods, the Irish dairy company that is the target of an I£320m ($528m) bid from Avonmore Foods, based in Kilkenny, was last night poised to replace its finance director, Mr Michael Dempsey, following disagreements over the year-end accounts.

Lawyers for both the company and Mr Dempsey were yesterday in "intensive negotiations" on the terms of his severance package. Disagreements with KPMG, its auditors, over the treatment of certain balance-sheet items had forced the company to issue a profits warning last month.

Mr Dempsey's departure could have an important bearing on any deal with Avonmore by changing the balance of power on the Waterford board. He was known to be opposed to the merger, which was discussed by the companies in 1991.

Avonmore, which is making a 1-for-2 offer for Waterford's ordinary shares, closed unchanged yesterday at 235p, valuing each Waterford share at 117½p. The offer includes an I£36m bonus package for farmers by way of milk price increases.

In a related development, Dairygold, the country's largest co-operative society, last night said it would "do nothing to distract Waterford" while the bid target was considering its response to Avonmore. But company officials indicated Dairygold might make a move if Avonmore's approach were called off.

However, Mr Joe Gill, analyst with ABN Amro Riada, said Dairygold, without the recourse to paper financing as a private company, might find it hard to raise the cash and take on Waterford's debt of I£215m.

A Waterford official said it was not seeking a counter bid.

The latest developments have merely increased the confusion of Waterford's 4,500 farmers.

RESULTS

		Turnover (£m)		Pre-tax profit (£m)		EPS (p)		Dividends: Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Ask Central Φ	Yr to Dec 31	6.37	(3.08)	0.7030.	(0.227)	4.38	(1.71)	0.5	July 3	-	-	-
Boosey & Hawkes	Yr to Dec 31	94.4	(87.1)	7.7	(6.17)	27.2	(20.3)	7.43	May 27	5.47	9.34	7
Brown (N)	*Yr to Mar 1*	*280.5*	*(230.8)*	*37.1*	*(31.2)*	*17.03*	*(14.42)*	*4.8*	*July 25*	*4.1*	*6.8*	*5.7*
Dean Φ	Yr to Dec 31	14.9	(3.01)	0.931	(0.213)	1.66†	(0.92)	0.3	July 2	0.2	0.5	0.2
Donatantonio	Yr to Jan 31	9.24	(8.04)	0.539♠	(0.698)	3.8	(6.8)	nil	-	-	0.5	-
Finlay (James)	Yr to Dec 31	169.2	(166.1)	12♠	(3.62♠)	6.8	(nil)	2.15	July 2	2.15	3.65	3.15
Hemingway Props	Yr to Dec 31	23.3■	(13.1■)	6.46	(2.87)	2.96	(1.57)	0.385	May 30	0.35	0.55	0.5
Jerome (S)	Yr to Dec 31	33.4	(28.5)	1.14♥	(0.951♥)	8.1†	(7.5)	2	June 6	1.5	3	2.25
LucasVarity	8 mths to Jan 31	2,673	(-)	110.7L♠	(-)	14.3L	(-)	2.25	July 1	-	2.25	-
Lucas Varity	Yr to Jan 31 ✠	4,600	(4,426)	282	(-)	-	(-)	2.25	July 1	-	2.25	-
Mid-States	Yr to Dec 31	79.9	(80.5)	3.72♠	(0.689♠)	4.8	(0.6L)	0.24	July 24	nil	0.48	nil
Moorfield Estates	Yr to Dec 31	6	(7.63)	0.059	(0.67)	0.2L	(0.77)	0.25	May 21	0.25	0.5	0.75
Ropner	Yr to Dec 31	23.75	(27.1)	1.58♠	(4.62♠)	1.5	(12.9)	nil	-	4.75	3.5	8.25
Ross	Yr to Dec 31	28	(41.9)	0.223L♥	(7.29L♠)	0.25L	(5.09L)	nil	-	nil	nil	nil
Shorco	Yr to Dec 31	12.3	(11.5)	0.532	(0.647♠)	5.7†	(6.8)	2.2	July 11	2.2	4.2	4.2
Watermark Φ	Yr to Dec 31	11.98	(8.78)	0.653♠	(0.06L♠)	2.3	(0.24L)	0.8	June 27	-	0.8	-
Watts Blake Bearne	*Yr to Dec 31*	102.9	(104.9)	10.7	(11.2)	29.1	(31.7)	11.8	July 1	10.8	16.2	15.2

Investment Trusts		NAV (p)		Attributable Earnings (£m)		EPS (p)		Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Henderson American	*Yr to Feb 28*	*65.23*	*(59.23)*	*0.573*	*(0.868)*	*7.64*	*(8.91)*	*2.4*	*June 12*	*2.4*	*7.8*	*7.8*
Murray VCT	6 mths to Feb 28 ☆	92.68	(95.73)	0.332	(0.189)	1.65	(1.03)	1	June 3	0.78	-	2.69
Quester VCT	58 wks to Jan 31	97.2	(-)	0.268	(-)	2.83	(-)	1.25	May 21	-	2	-

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. ♠After exceptional charge. ♥After exceptional credit. †On increased capital. ΦAim stock. ■Gross rental income. ✠Pro forma. ☆Comparatives for 45 weeks.

J Finlay warns on first half

By David Blackwell

James Finlay, the plantations company 30 per cent owned by John Swire, trebled profits last year, but warned that a drought in Kenya would hit the current first half.

Pre-tax profits soared to £12m ($19.4m) against £3.6m in 1995, when there was an exceptional charge of more than £4m on the disposal of two businesses in the US.

Operating profits were 38 per cent higher at £14.3m (£10.4m) after a good year for tea in Kenya, which accounts for more than two-thirds of production. Sales from continuing operations edged up to £167.5m (£166m).

Mr Richard Muir, chairman, said average Kenyan tea prices had risen 30 cents last year to $1.30 a kilo. Operating profits from plantations more than doubled to £5.4m, on sales of £32.2m (£24.3m).

But the current drought was of "unusual severity" and had hit production "drastically" this month. Tea production was at a quarter of the weekly rate this time last year, but prices had risen further to almost $2 a kilo.

The speciality tea business lifted profits from £2m to £2.6m, but tea trading profits eased to £2.1m (£2.5m). The confectionery division was flat at £5.5m.

The shares fell 9½p to 95p.

A YEAR OF STRENGTH AND FLEXIBILITY
DIAMONDS AND DE BEERS

POINTS FROM JULIAN OGILVIE THOMPSON'S 1996 CHAIRMAN'S STATEMENT

De Beers' stewardship of the international diamond industry has again proved its worth. At the end of a year in which some believed both the principle and the system of single channel marketing would be severely tested, De Beers was able to announce record sales of rough diamonds of $4,834 million, a 15% increase in attributable earnings to $719 million, a 25% increase in equity accounted earnings to $1,235 million and a 10.5% increase in dividends.

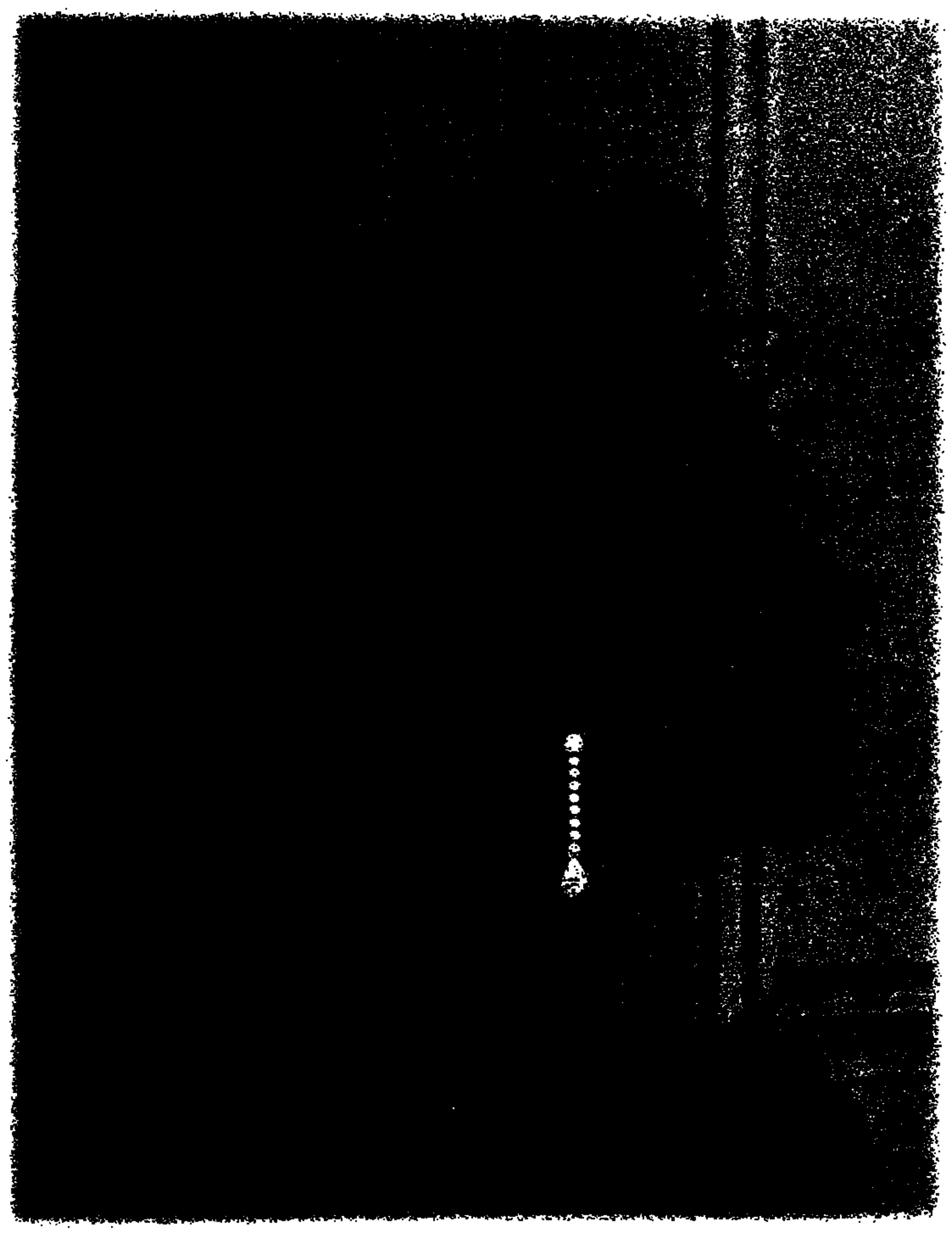
Among the tests faced in 1996 were the decision by Argyle to market its production separately and the increasing uncontrolled outflow of Angolan diamonds to the major cutting centres, much of which De Beers was able to buy through its outside buying offices.

An even greater challenge lay in the continued leakage of around $1 billion of Russian rough diamonds on to the market. Protracted negotiations on the detailed terms delayed a new trade agreement to enshrine the principles of the Memorandum of Understanding signed by the Russian Government and De Beers in February 1996.

To those who may have failed to appreciate the essential strength and flexibility of the single channel system, developed over more than 60 years, any one of these tests might have been taken as a serious threat to the international diamond market. Instead De Beers and the industry as a whole have emerged in a strong position – testimony to De Beers' successful management of this unique system.

THE KEY FACTORS OF THIS SUCCESS WERE:

- The inter-dependence that exists between De Beers and those major producers who are committed to the single channel market for the maintenance of their diamond revenues;



- The fact that De Beers, together with its partners, the Governments of Botswana and Namibia, constitutes the largest diamond producer in the world. The expansion of the Orapa plant and the medium term potential for increased production by both Namdeb and the group's South African mines should enable De Beers and its partners to remain the major source of the world's gem diamonds;

- The De Beers group's continuing investment in expertise and research, which keeps it pre-eminent in both diamond mining and marketing;

- De Beers' financial strength which enables it both to maintain a buffer stock of diamonds and to buy diamonds actively in substantial volumes on the outside market so helping it balance supply and demand;

- The efficient distribution, for the benefit of all producers, of most of the world's gem diamond production through De Beers' own network of international clients;

- The success of the $200 million a year world-wide advertising programme which promotes diamond jewellery in 34 countries on behalf of the whole diamond industry.

In spite of a challenging year, confidence and profitability have been restored, particularly in rough diamonds above a half carat. Once again, the principle of single channel marketing has been recognised and confirmed as in the interests of all in the world diamond industry.

The full Chairman's Statement and the Annual Reports of De Beers Consolidated Mines and De Beers Centenary for the year ended 31st December 1996 have been posted to registered shareholders. Copies may be obtained by writing to the London Secretaries at the address below. The Chairman's Statement may also be accessed on the Internet at http://www.edata.co.za

De Beers

A diamond is forever

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INTERNATIONAL CAPITAL MARKETS

Treasuries jump on tame CPI data

GOVERNMENT BONDS

By Richard Tomkins in New York and Michael Lindemann in London

Tamer than expected US consumer price inflation figures for March pushed Treasuries up more than a full percentage point and spurred European markets to late rallies.

The March data showed that prices rose by 0.1 per cent overall, while core inflation, excluding volatile food and energy prices, rose by 0.2 per cent. Without the reinstatement of a federal tax on airline tickets, the index would have been flat.

Given that the market had discounted a rise of 0.2 per cent, the stronger figures sent the price of the benchmark 30-year Treasury bond climbing in early trading and the yield falling to 7.082 per cent. At midday, the 30-year bond was up a percentage point at 94$\frac{9}{32}$, while the two-year note was $\frac{1}{32}$ higher at 99$\frac{21}{32}$, yielding 6.438 per cent.

Analysts warned that although the March numbers were good, they would probably not prevent the Federal Reserve's open market committee from raising interest rates again next month.

The FOMC was looking beyond current inflation at the threat of future price increases, they noted.

However, Mr Mickey Levy, chief economist at NationsBank Capital Markets, said: "If we see further signs of a slowdown in economic growth, as evidenced by slow retail sales growth and slow housing activity, combined with these favourable inflation numbers that would put the Fed on hold."

European markets, which opened confidently following Monday's gains, ended the day in a bullish mood.

German bunds continued to appeal, especially to US investors – who pushed prices through the 100.80 level and raised the prospect of a break through 101.20, analysts said.

The June 10-year bund future touched a high of 100.90 before settling at 100.87, up 0.96 on the day.

However, some analysts, wary of bunds' strong performance, suggested that the market had not factored in the evidence of stronger economic growth in Germany. Once this became more apparent, a move back into Treasuries would begin, they said.

"I think we are going to see much more by way of growth figures in the next few months, especially in Germany, and that will cause a drift back to T-bills," said Ms Sharda Persaud, senior economist at San Paolo Bank.

That view was challenged by Mr Graham McDevitt, bond strategist at Paribas Capital Markets, who said European markets remained in good technical condition and that there was some evidence that funds, which had left the market earlier in the year, were now returning.

"A lot of people got out of high-yield spreads in quarter one, but are probably buying that back now," Mr McDevitt said.

The Bank of Spain's widely-expected decision to lower the securities repurchase rate by 0.25 percentage points to 5.5 per cent bolstered Spanish bonos.

However, by the end of business the market saw some profit-taking.

The 10-year yield spread between bonos and German bunds widened to 97 basis points, up from 91 points on Monday.

In Barcelona, the June bono future reached a high of 114.06 before settling at 114.02, up 0.60 on the day.

Italian BTPs drew comfort from comments by Mr Carlo Azeglio Ciampi, Italy's treasury minister, that April consumer price inflation was "expected" to be 1.8 per cent year-on-year, down from 2.2 per cent in March. Final April CPI data will be published on May 6.

Lower inflation gives the Bank of Italy further scope for an interest rate cut, but some analysts suggested that the bank would want to wait for a strong set of May figures before trimming rates.

The June BTP future touched a high of 129.05 before settling at 129.02, up 0.85 on the day. The 10-year yield spread over Germany widened 3 points t0 172 points.

The stronger US consumer prices data helped UK gilts to a higher finish, settling at 109¾, up from 108$\frac{31}{32}$.

Much of the UK economic data that is due to be released today – which include March unemployment figures, February average earnings and the public sector borrowing requirement for March – are expected to be positive, suggesting that the gilts market may shake off some of its pre-election indifference.

French OATs were also propelled higher by the US data and the surge into bunds.

The June notional future settled at 129.02, 0.76 higher on the day.

Issuance slows ahead of US prices figures

INTERNATIONAL BONDS

By Samer Iskandar

Primary activity in the dollar sector, which had started the week on a promising note, slowed yesterday as the market braced itself for the release of US consumer prices statistics.

"There has been quite a bit of issuance lately," said one syndicate manager. "Traders wanted to get the figures out the way."

The Japanese subsidiary of Glaxo-Wellcome, the pharmaceutical company, tapped the dollar market with a $350m issue of bonds guaranteed by the parent company.

Credit Suisse First Boston, joint lead manager with DKB International, said the paper was bought by a combination of retail and institutional investors. "There is good demand for corporate paper," said a CSFB official. "And investors like an improving credit story."

Glaxo-Wellcome's ratings have recently been raised by the main US rating agencies. Moody's raised its assessment of long-term debt from A1 to Aa3 earlier this month, while Standard & Poor's raised its rating from AA– to AA in October.

Korea Electric Power's debut sterling issue, the first fixed-rate bond by a Korean borrower, was warmly received by UK institutional investors, according to the lead manager SBC Warburg.

"Kepco has succeeded in developing a new target base," said an SBC official. "Its aim was to enlarge its audience, which consisted mainly of US investors."

Demand was bolstered by the absence of Korean exposure in the UK fixed-income market, the lead manager said, adding that pricing was tight relative to existing Korean issues in other sectors, but offered good value compared with similarly rated sterling bonds.

Britannia Building Society issued £100m of 10-year bonds, with Lehman Brothers acting as lead manager. Bankers said placement would be slow, due to the BBB+/Baa1 ratings. "A lot of UK fund managers are not allowed to buy bonds with ratings below single-A," said a syndicate official.

New international bond issues

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book-runner
US DOLLARS							
Glaxo KK	350	7.00	99.425R	May 2002	0.275R	+16(6¾Mar02)	CSFB/DKB International
Central Hispano Eurocap(a)‡	250	(a1)	100.00	undated	1.625	-	CSFB/Goldman Sachs
STERLING							
Korea Electric Power Co(s)	150	8.50	99.821R	Apr 2007	0.35R	+78(7½Dec06)	SBC Warburg
Britannia Bldg Society(b)‡	100	(b1)	99.89	May 2007	0.40	-	Lehman Brothers Intl
ITALIAN LIRE							
European Inv'ment Bank(c)	150bn	6.20	99.81	Mar 2002	1.75	-	Credito Italiano
GUILDERS							
Koninklijke Hoogovens(d)§	300	(d1)	100.00	Apr 2007	2.50	-	ABN Amro Rothschild

Final terms, non-callable unless stated. Yield spread (over relevant government bond) at launch supplied by lead manager. §Convertible. ‡ Floating-rate note. R: fixed re-offer price; fees shown at re-offer level. a) Callable from Apr 02 at par. a1) 6-mth Libor +155bp. b) Callable from May 02 at par. b1) 3-mth Libor +40bp to Mar 02, then +90bp. c) Fungible with L500bn. Plus 77 days accrued. d) Fixing: by Friday. Callable from 24/4/00 subject to 130% hurdle. Greenshoe: Fl 45m. d1) Indication: 4½-4¾%. s) Short 1st coupon.

● The Russian government yesterday announced plans to launch a third eurobond later this year, writes Arkady Ostrovsky.

Mr Anatoli Chubais, first deputy prime minister, said the issue of five-year dollar bonds would be managed by J.P. Morgan and SBC Warburg. Neither of the banks would comment on the deal.

Russia issued its first $1bn five-year bond last year. This was followed by a DM2bn issue this year. Both issues were well received.

Mr Alexei Kudrin, first deputy finance minister, said the latest issue would be on a par with the first two. He said it was part of Russia's borrowing plans for 1997.

But western analysts believe this deal was dictated by budget pressures and the IMF's temporary suspension of a $10bn loan to Russia.

Mr Christopher Granville, head of research at Moscow's United City Bank, said demand for Russian bonds was easing, and that it would be better to wait until the third quarter. "You do not want the issues to come too close together and too fast", he said.

Russia's first 9.25 per cent bond, the first sovereign debt issue since 1917, was priced to yield 345 basis points over five-year US Treasury bonds.

CAPITAL MARKETS DIGEST

Estonian phone group raises loan

The Estonian Telephone Company, the country's dominant telecommunications group, is to borrow DM35m on the syndicated loan markets at an interest rate of 45 basis points over Libor. The five-year deal, the second this year for an Estonian borrower, reflects the increasing popularity of eastern European credits. Estonia's Hansa Bank is paying 95 basis points over Libor on a DM100m three-year loan agreed last month.

Mr Hagen Sinodoru, assistant director of Bankgesellschaft Berlin, joint arranger of the loan, said pricing reflected the strength both of the telephone company's business and the background of its shareholders. Telecom Finland and Telia Sweden both own 24.5 per cent, while the Estonian government owns the remaining 51 per cent.

Mr Sinodoru said lenders had a put option they could exercise if the borrower had not achieved an investment grade rating of BBB+/Baa1 or higher after three years. Financial covenants are also strong, with bankers stipulating that funds must be used to develop the country's digitalised fibre-optic network. Bankgesellschaft is joined as joint arranger by the Nordic Investment Bank and the loan will be syndicated to the Estonian company's main relationship banks. *Richard Lapper*

Europe fund to borrow Ecus

The Council of Europe Social Development Fund, the financing arm and multilateral development bank of the Council of Europe's social policy, plans to raise between Ecu1.5bn and Ecu2bn on the international capital markets this year. The fund, which typically raises about one-third of its needs in the main currencies it lends in, does not rule out further diversification of its sources.

"We are not against the idea of tapping the emerging markets," said Mr Thierry Poirel, finance director. "We are considering an issue in Hong Kong dollars, perhaps later this year." In 1996 the fund issued 22 bonds worth Ecu2bn, including its first securities denominated in Czech koruna and sterling, as well as two floating-rate notes in French francs linked to the Tec-10 index of 10-year bond yields. *Samer Iskandar*

London Forfaiting revolver

A $135m revolving credit facility for the London Forfaiting Company has been completed, the company announced yesterday. The size of the loan, which will help fund LFC's international growth, has been increased from its initial size of $100m, as a result of oversubscription by participating banks.

"This loan will enable us to maintain our steady organic growth," said Mr Jack Wilson, LFC chairman. The company, which provides trade finance for exporters from the UK, plans to open offices in São Paolo, Bucharest and Chicago, in addition to its existing offices in 15 countries. Lloyds Bank and WestLB are senior lead managers. *Samer Iskandar*

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		6.750	11/06	92.1138	+0.570	7.94	7.96	7.89
Austria		5.750	04/07	99.1900	+0.630	5.86	5.88	5.54
Belgium		6.250	03/07	102.2500	+0.900	5.94	6.03	5.61
Canada *		7.000	12/06	101.4200	+0.700	6.80	6.87	6.39
Denmark		8.000	03/06	109.7000	+0.860	6.53	6.60	6.22
France	BTAN	4.750	03/02	102.9570	+0.280	4.76	4.82	4.39
	OAT	5.500	04/07	98.5400	+0.740	5.69	5.82	5.37
Germany Bund		6.000	01/07	101.2400	+0.820	5.82	5.91	5.53
Ireland		8.000	08/06	108.9000	+1.120	6.68	6.81	6.49
Italy		6.750	02/07	95.5200	+0.710	7.40†	7.59	7.31
Japan	No 143	6.300	09/01	120.3027	+0.160	1.43	1.38	1.36
	No 182	3.000	09/05	105.9511	+0.070	2.17	2.11	2.41
Netherlands		5.750	02/07	100.1200	+0.860	5.73	5.80	5.31
Portugal		9.500	02/06	117.9600	+0.290	6.73	6.82	6.70
Spain		7.350	03/07	103.9900	+0.640	6.79	6.87	6.58
Sweden		8.000	08/07	106.2243	+0.300	7.12	7.15	6.85
UK Gilts		7.000	06/02	99–02	+12/32	7.22	7.31	6.80
		7.250	12/07	97–31	+26/32	7.53	7.61	7.19
		9.000	10/08	110–15	+30/32	7.62	7.70	7.29
US Treasury *		6.250	02/07	95–17	+20/32	6.88	6.89	6.55
		6.625	02/27	94–09	+32/32	7.09	7.11	6.82
ECU (French Govt)		7.000	04/06	106.3500	+0.750	6.06	6.17	5.88

London closing, *New York mid-day. Yields: Local market standard.
† Gross (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

US INTEREST RATES

Latest		Treasury Bills and Bond Yields			
		One month	-	Two year	6.47
Prime rate	8½	Two month	-	Three year	6.62
Broker loan rate	7¼	Three month	5.29	Five year	6.78
Fed.funds	5⅝	Six month	5.64	10-year	6.89
Fed.funds at intervention	-	One year	5.98	30-year	7.10

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF) FFr500,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	128.38	129.02	+0.76	129.04	128.38	141,183	161,727
Sep	126.74	127.38	+0.78	126.92	126.74	116	5,267
Dec	96.40	97.02	+0.76	96.40	96.40	2	-

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	Calls May	Calls Jun	Calls Sep	Puts May	Puts Jun	Puts Sep
127	2.05	2.24	1.69	0.03	0.23	1.31
128	1.10	1.45	1.18	0.08	0.44	1.79
129	0.37	0.83	0.78	0.35	0.81	2.38
130	0.07	0.40	0.50	1.05	1.37	-
131	0.01	0.15	0.31	1.99	2.13	-

Est. vol. total, Calls 23,995 Puts 9,713 . Previous day's open int., Calls 127,182 Puts 145,535.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	100.04	100.87	+0.96	100.90	100.02	271113	258182
Sep	99.17	99.85	+0.94	99.85	99.14	1725	7091

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	Calls May	Calls Jun	Calls Jul	Calls Sep	Puts May	Puts Jun	Puts Jul	Puts Sep
10050	0.56	0.89	0.65	0.99	0.19	0.52	1.30	1.64
10100	0.26	0.61	0.47	0.79	0.39	0.74	1.62	1.94
10150	0.09	0.39	0.32	0.60	0.72	1.02	1.97	2.25

Est. vol. total, Calls 20294 Puts 18978. Previous day's open int., Calls 231379 Puts 264537

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	128.65	129.02	+0.85	129.05	128.35	75892	111029
Sep	128.36	128.97	+0.87	128.90	128.38	1167	4098

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	Calls Jun	Calls Sep	Puts Jun	Puts Sep
12900	1.24	2.27	1.22	2.30
12950	0.98	2.03	1.46	2.56
13000	0.76	1.80	1.74	2.83

Est. vol. total, Calls 5912 Puts 16716. Previous day's open int., Calls 106853 Puts 108879

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	113.73	114.01	+0.60	114.06	113.44	97,743	77,555
Sep	-	113.19	-	-	-	-	3

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	109-03	109-24	+0-29	109-28	108-29	69072	167612
Sep		109-19	+0-30			0	2635

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	Calls May	Calls Jun	Calls Jul	Calls Sep	Puts May	Puts Jun	Puts Jul	Puts Sep
109	0-60	1-33	1-48	2-19	0-12	0-49	1-10	1-45
110	0-23	0-61	1-15	1-61	0-39	1-13	1-41	2-13
111	0-06	0-36	0-51	1-24	1-22	1-52	2-13	2-60

Est. vol. total, Calls 4995 Puts 5173. Previous day's open int., Calls 69439 Puts 35065

Ecu

■ ECU BOND FUTURES (MATIF) ECU100,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	94.10	94.72	+0.70	94.76	94.10	1,493	6,624

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Jun	106–22	107–14	+0–24	107–21	106–17	140,238	444,453
Sep	106–13	107–02	+0.26	107–05	106–12	548	35,222
Dec	105–26	105–27	–	105–27	105–26	9	6,239

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Jun	126.55			126.67	126.50	1802	n/a
Sep	125.28			125.28	125.28	20	n/a

* LIFFE futures also traded on APT. All Open interest figs. are for previous day.

FTSE Actuaries Govt. Securities — UK Indices

Price Indices UK Gilts	Tue Apr 15	Day's change %	Mon Apr 14	Accrued interest	xd adj. ytd		Low coupon yield Apr 15	Apr 14	Yr. ago	Medium coupon yield Apr 15	Apr 14	Yr. ago	High coupon yield Apr 15	Apr 14	Yr. ago
1 Up to 5 years (19)	120.22	0.18	120.00	2.45	3.40	5 yrs	7.25	7.35	7.64	7.31	7.41	7.66	7.38	7.45	7.77
2 5-15 years (20)	149.65	0.68	148.64	2.99	2.89	15 yrs	7.68	7.78	8.26	7.67	7.78	8.28	7.54	7.69	8.37
3 Over 15 years (7)	170.18	1.01	168.47	4.82	3.16	20 yrs	7.78	7.85	8.32	7.71	7.81	8.32	7.54	7.69	8.40
4 Irredeemables (5)	192.99	0.00	193.00	4.06	2.37	Irred.†	7.91	7.90	8.36						
5 All stocks (51)	144.05	0.57	143.23	3.15	3.21										

Index-linked							Inflation 5% Apr 15	Apr 14	Yr. ago	Inflation 10% Apr 15	Apr 14	Yr. ago
6 Up to 5 years (2)	204.02	0.16	203.69	1.09	2.16	Up to 5 yrs	3.35	3.38	2.99	2.69	2.70	1.73
7 Over 5 years (10)	195.13	0.45	194.26	1.17	2.32	Over 5 yrs	3.63	3.66	3.73	3.44	3.47	3.54
8 All stocks (12)	195.01	0.42	194.20	1.15	2.28							

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date

FT Fixed Interest Indices

	Apr 15	Apr 14	Apr 11	Apr 10	Apr 9	Yr ago	High*	Low*
Govt. Secs. (UK)	94.01	93.64	93.46	93.60	93.63	92.19	96.62	93.31
Fixed Interest	116.59	116.41	116.47	116.63	116.61	111.83	120.18	115.32

Gilt Edged Activity Indices

	Apr 14	Apr 11	Apr 10	Apr 9	Apr 8
Gilt Edged bargains	NA	NA	13.0	17.9	14.2
5-day average	NA	NA	18.8	25.5	28.7

 * for 1997. Government Securities high since compilation: 127.40 (09/01/35), low 49.18 (03/01/75). Fixed Interest high since compilation: 133.87 (21/01/94), low 50.53 (03/01/75). Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974.

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:00 pm on April 15

	Issued	Bid	Offer	Chg	Yield
U.S. DOLLAR STRAIGHTS					
Abbey Natl Treasury 6½ 03	1000	96⅝	96⅞	+⅛	7.20
ABN Amro Bank 7¼ 05	1000	98¼	99	+½	7.59
African Dev Bk 7⅝ 23	500	98⅛	98½	+¼	7.72
Spain 7¼ 03	4000	109⅞	110	+½	5.25
Volkswagen Intl Fin 7 03	1000	107⅛	107⅜	+⅛	5.59
World Bank 5⅞ 03	3000	103⅛	103½	+½	5.25
World Bank 6⅛ 02	3000	105⅛	105¼	+½	5.02
Abbey Natl Treasury 8 03 £	1000	100⅞	101	+½	7.81
British Land 8⅞ 23 £	150	100⅛	100⅝	+1⅛	9.06
Denmark 6⅜ 98 £	800	99¾	99⅞	+⅛	6.91
Depfa Finance 7⅛ 03 £	500	96⅛	96⅝	+⅛	7.89
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

UK GILTS PRICES

Notes	Yield Int	Yield Red	Price £	+ or –	52 week High	52 week Low
"Shorts" (Lives up to Five Years)						
Treas Cnv 7pc 1997‡‡	6.98	6.18	100$\frac{9}{32}$	—	101$\frac{1}{32}$	100$\frac{1}{32}$
Treas 8¾pc 1997‡‡	8.67	6.14	100⅞	-$\frac{1}{32}$	107$\frac{21}{32}$	100⅞
Exch 15pc 1997	14.38	6.25	104$\frac{11}{32}$	-$\frac{1}{32}$	114⅝	102$\frac{15}{32}$
Treas 7¾pc 2006‡‡	7.66	7.56	101$\frac{5}{32}$	+$\frac{13}{32}$	107¼	98$\frac{5}{32}$
Treas 8pc 2002-6‡‡	7.69	7.50	101$\frac{31}{32}$	+⅛	104$\frac{1}{32}$	98⅝
Treas 11¾pc 2003-7	9.70	7.42	120$\frac{1}{32}$xd	+$\frac{5}{32}$	124$\frac{1}{32}$	115⅛
Index-Linked (b)						
4⅝pc '98‡‡ (135.6)	-	2.29	114$\frac{1}{32}$	+$\frac{1}{32}$	114⅞	112$\frac{1}{32}$
2½pc '01 (78.3)	2.81	3.39	185$\frac{21}{32}$	+$\frac{13}{32}$	187$\frac{21}{32}$	179$\frac{1}{32}$
2½pc '03 (78.8)	3.06	3.49	181$\frac{21}{32}$	+$\frac{7}{32}$	184$\frac{3}{32}$	173$\frac{21}{32}$
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Other Fixed Interest

Notes	Yield Int	Yield Red	Price £	+ or –	52 week High	52 week Low
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CURRENCIES AND MONEY

Dollar gains on fear of weak euro

MARKETS REPORT

By Simon Kuper

The D-Mark dropped further against the dollar yesterday as US asset markets recovered and signs emerged that the future single European currency might be weaker than previously expected.

The dollar closed 1.1 pfennigs higher against the D-Mark in London at DM1.734, after breaking through resistance at DM1.7250.

The dollar's strength survived tame consumer price inflation figures for March. The price data initially hurt the currency as they seemed to reduce the chances of the Federal Reserve raising interest rates in May. But for the same reason they buoyed US markets, and this soon had a knock-on effect on the dollar. Mr Michael Wallace, senior currency economist at MMS International in London, warned: "If everyone is turning around their rate rise expectations on the basis of one CPI number, it's a bit silly."

The European Monetary Institute's annual report yesterday said that many European Union countries had failed to control their budget deficits sufficiently to launch the euro in 1999. But the market has come to believe in recent weeks that European monetary union will proceed even if countries fail to meet fiscal criteria. The EMI data suggested that the German economy was still struggling, and added to fears that the resulting euro would be weak, said Mr Jeremy Hawkins, chief economist at the Bank of America in London.

The D-Mark was also hurt by comments from Mr Otmar Issing, a member of the Bundesbank's central council, who repeated that if Emu took place it was "possible" that investors would move out of D-Mark into dollar assets. He said: "Even in favourable circumstances, the euro will need time before it can prove itself on the international markets." It was "in no way a given that the euro will take over the international role of the D-Mark without any problems".

Mr Ron Leven, currency strategist at J.P. Morgan in New York, also noted that yesterday's position-squaring sales of the dollar had largely ceased.

However, the US currency failed to gain against the yen, as investors expect the Bank of Japan to intervene in the market if the dollar rises above Y127. The dollar/yen rate was unchanged at Y126.3 yesterday.

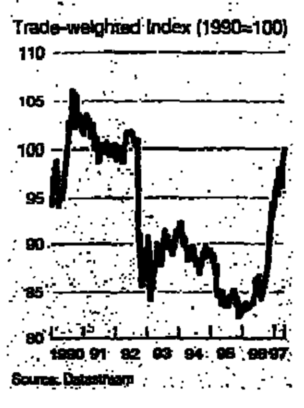
The peseta closed marginally lower against the D-Mark at Pta84.21 after the Bank of Spain cut its key money rate by 25 basis points to 5.50 per cent. The cut has been expected since last week, when data showed inflation falling to 2.2 per cent in March, the lowest level in almost 30 years. Many economists expect the Bank of Italy to reduce interest rates this week or next.

■ Pound in New York

Apr 15	Latest	Prev. close
£ spot	1.6265	1.6200
1 mth	1.6259	1.6194
3 mth	1.6244	1.6179
1 yr	1.6182	1.6130

Sterling

Trade-weighted Index (1990=100)



Source: Datastream

■ Sterling smashed the 100 level on its trade weighted index against a basket of currencies, closing at 100.1. The last time it stood at 100, which represents its 1990 average value, was on September 14, 1992 – two days before "Black Wednesday", when the pound was ejected from the European exchange rate mechanism.

The pound rose 2.2 pfennigs against the D-Mark yesterday to DM2.818, helped by the growing fears for the euro and by the UK's strong economy. A sharp fall in UK jobless figures for March is expected to be reported tomorrow. The pound was fractionally stronger against the dollar at $1.625.

■ OTHER CURRENCIES

Apr 15	£	$
Czech Rp	48.6730 - 48.7787	30.5680 - 30.6180
Hungary	294.743 - 294.969	181.380 - 181.430
Iran	4877.40 - 4875.00	3000.00 - 3000.00
Kuwait	0.4945 - 0.4949	0.3043 - 0.3044
Poland	5.0846 - 5.0920	3.1280 - 3.1320
Russia	9330.75 - 9338.60	5742.00 - 5744.00
U.A.E.	5.9646 - 5.9724	3.6705 - 3.6735

■ The Swedish krona dipped after Sweden's government unveiled a spring budget that was slightly more expansionary than forecast. The krona fell from SKr4.428 to SKr4.446 against the generally weak German currency.

Sweden's government said it was unsatisfied with the krona's instability of recent months. Since last month, the Riksbank, Sweden's central bank, appears to have abandoned its policy of intervening in the currency market to prevent volatility.

■ Goldman Sachs, in a weekly report headlined "Booming America!", has revised its short-term targets for the dollar upwards. The bank now expects the dollar to hit DM1.80 and Y130.0 in the next one to three months, given the "amazing strength of US domestic demand" and "the odd absence of any Japanese forex intervention".

POUND SPOT FORWARD AGAINST THE POUND

Apr 15		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	Day's Mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng. Index
Europe													
Austria	(Sch)	19.8357	+0.1555	260 - 453	19.8730	19.6607	19.6367	2.7	19.7357	2.0	-	-	103.2
Belgium	(BFr)	58.1414	+0.5292	938 - 890	58.2610	57.5970	57.4872	2.6	57.7564	2.6	56.4314	2.9	102.9
Denmark	(DKr)	10.7337	+0.085	292 - 381	10.7548	10.6773	10.6267	2.5	10.6682	2.4	10.4582	2.6	105.3
Finland	(FM)	8.4412	+0.0907	338 - 486	8.4500	8.3260	-	-	-	-	-	-	82.5
France	(FFr)	9.4775	+0.0728	741 - 809	9.4979	9.4288	9.3826	2.8	9.4117	2.8	9.1946	3.0	106.0
Germany	(DM)	2.8183	+0.0219	171 - 195	2.8254	2.8028	2.7898	2.9	2.7981	2.9	2.7314	3.1	104.3
Greece	(Dr)	442.873	+3.167	634 - 112	443.843	440.266	-	-	-	-	-	-	66.0
Ireland	(I£)	1.0555	+0.0042	545 - 564	1.0565	1.0508	1.051	0.3	1.0543	0.5	1.0477	0.7	101.6
Italy	(L)	2771.14	+22.21	949 - 280	2774.88	2756.28	2752.33	-1.5	2779.39	-1.2	2782.19	-0.4	76.4
Luxembourg	(LFr)	58.1414	+0.5292	938 - 890	58.2610	57.5970	57.4872	2.6	57.7564	2.6	56.4314	2.9	102.9
Netherlands	(Fl)	3.1678	+0.0243	666 - 690	3.1750	3.1459	3.1354	3.1	3.1439	3.0	3.0884	3.1	102.6
Norway	(NKr)	11.3957	+0.096	888 - 025	11.4366	11.2778	11.2752	2.6	11.3227	2.6	11.0972	2.6	100.5
Portugal	(Es)	281.901	+2.529	791 - 011	282.433	280.125	279.512	-0.6	282.326	-0.6	-	-	94.4
Spain	(Pta)	237.349	+2.04	250 - 448	237.610	236.000	235.442	-0.7	237.349	0.0	235.874	0.6	77.8
Sweden	(SKr)	12.5290	+0.1508	218 - 361	12.5365	12.3936	12.3592	1.8	12.4705	1.9	12.2745	2.0	84.7
Switzerland	(SFr)	2.3915	+0.0086	902 - 927	2.3961	2.3796	2.374	4.5	2.3648	4.5	2.2807	4.6	104.1
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	100.1
Ecu	-	1.4413	+0.0111	405 - 421	1.4437	1.4328	1.428	1.8	1.4344	1.9	1.4093	2.2	-
SDR†	-	1.188011	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.6252	+0.0028	247 - 256	1.6291	1.6196	-	-	-	-	-	-	-
Brazil	(R$)	1.7231	+0.0034	225 - 237	1.7274	1.7167	-	-	-	-	-	-	-
Canada	(C$)	2.2676	-0.001	666 - 685	2.2786	2.2664	2.2617	3.1	2.251	2.9	2.2064	2.7	84.2
Mexico	(New Peso)	12.8114	-0.0082	001 - 227	12.8918	12.7985	-	-	-	-	-	-	-
USA	($)	1.6254	+0.0027	250 - 258	1.6294	1.6198	1.6248	0.4	1.6232	0.5	1.6165	0.4	106.1
Pacific/Middle East/Africa													
Australia	(A$)	2.0945	+0.0121	933 - 956	2.1039	2.0830	2.0944	0.1	2.0936	0.2	2.0895	0.2	98.4
Hong Kong	(HK$)	12.5961	+0.0214	921 - 000	12.6262	12.5535	12.5915	0.4	12.5805	0.5	12.5404	0.4	-
India	(Rs)	58.2089	+0.045	539 - 638	58.3140	58.0560	-	-	-	-	-	-	-
Israel	(Shk)	5.5265	+0.0048	224 - 306	5.5498	5.5215	-	-	-	-	-	-	-
Japan	(Y)	205.345	+0.339	254 - 436	205.770	204.390	204.375	5.7	202.515	5.5	193.905	5.6	120.6
Malaysia	(M$)	4.0855	+0.0142	836 - 873	4.0953	4.0657	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.3644	+0.0197	629 - 658	2.3760	2.3474	2.3673	-1.5	2.3724	-1.4	2.3926	-1.2	115.7
Philippines	(Peso)	42.8456	+0.0893	025 - 886	42.9183	42.7774	-	-	-	-	-	-	-
Saudi Arabia	(SR)	6.0960	+0.0102	942 - 977	6.1107	6.0775	-	-	-	-	-	-	-
Singapore	(S$)	2.3455	+0.0064	441 - 468	2.3501	2.3374	-	-	-	-	-	-	-
South Africa	(R)	7.2509	+0.0179	467 - 551	7.2745	7.2234	-	-	-	-	-	-	-
South Korea	(Won)	1454.73	+3.27	113 - 834	1458.99	1450.63	-	-	-	-	-	-	-
Taiwan	(T$)	44.8611	+0.0435	176 - 046	44.9389	44.7396	-	-	-	-	-	-	-
Thailand	(Bt)	42.3905	+0.0636	394 - 415	42.4780	42.2470	-	-	-	-	-	-	-

† Rates for Apr 14. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1990 = 100. Index rebased 1/2/95. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.
The exchange rates printed in this table are also available on the internet at http://www.FT.com

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Apr 15		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	J.P Morgan index
Europe													
Austria	(Sch)	12.2036	+0.0752	006 - 065	12.2130	12.1500	12.1889	1.5	12.1436	2.0	11.9488	2.1	103.1
Belgium	(BFr)	35.7705	+0.2655	500 - 910	35.8340	35.5430	35.7105	2.0	35.583	2.1	35.043	2.0	103.0
Denmark	(DKr)	6.6037	+0.0412	026 - 048	6.6140	6.5829	6.5948	1.6	6.5764	1.7	6.4947	1.7	104.8
Finland	(FM)	5.1933	+0.0471	900 - 966	5.1980	5.1395	5.1845	2.0	5.1658	2.1	5.0833	2.1	82.3
France	(FFr)	5.8309	+0.035	302 - 315	5.8400	5.8140	5.8202	2.2	5.7992	2.2	5.6909	2.4	105.7
Germany	(DM)	1.7339	+0.0106	336 - 342	1.7375	1.7282	1.7307	2.2	1.7242	2.2	1.6905	2.5	104.2
Greece	(Dr)	272.470	+1.49	390 - 550	273.050	271.300	274.025	-6.8	276.595	-6.1	287.62	-5.6	65.9
Ireland	(I£)	1.5400	-0.0035	390 - 410	1.5440	1.5365	1.5385	0.4	1.539	0.3	1.5403	0.0	-
Italy	(L)	1704.90	+10.8	430 - 550	1706.50	1698.60	1707.9	-2.1	1712.75	-1.8	1722.55	-1.0	76.3
Luxembourg	(LFr)	35.7705	+0.2655	500 - 910	35.8340	35.5430	35.7105	2.0	35.583	2.1	35.043	2.0	103.0
Netherlands	(Fl)	1.9490	+0.0117	487 - 492	1.9529	1.9393	1.9452	2.3	1.9372	2.4	1.9017	2.4	102.6
Norway	(NKr)	7.0110	+0.0473	085 - 135	7.0275	6.9500	7.0072	0.6	7.0016	0.5	6.976	0.5	100.2
Portugal	(Es)	173.435	+1.265	410 - 460	173.920	172.300	173.585	-0.9	173.715	-0.6	173.45	0.0	95.1
Spain	(Pta)	146.025	+1.01	000 - 050	146.210	145.410	146.115	-0.7	146.235	-0.6	146.03	0.0	77.7
Sweden	(SKr)	7.7082	+0.0798	057 - 107	7.7097	7.6537	7.7054	0.4	7.6955	0.7	7.6482	0.8	84.9
Switzerland	(SFr)	1.4713	+0.0028	709 - 717	1.4742	1.4662	1.4686	3.9	1.4571	3.9	1.4116	4.1	103.7
UK	(£)	1.6254	+0.0027	250 - 258	1.6294	1.6198	1.6248	0.4	1.6232	0.5	1.6165	0.4	99.3
Ecu	-	1.1278	-0.0068	274 - 281	1.1322	1.1260	1.1289	-1.2	1.1315	-1.3	1.1467	-1.7	-
SDR†	-	0.73176	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9999	-	998 - 999	0.9999	0.9998	-	-	-	-	-	-	-
Brazil	(R$)	1.0601	+0.0003	600 - 602	1.0605	1.0598	-	-	-	-	-	-	-
Canada	(C$)	1.3951	-0.003	948 - 953	1.3996	1.3941	1.3922	2.5	1.387	2.3	1.3656	2.1	83.9
Mexico	(New Peso)	7.8820	-0.019	770 - 870	7.8890	7.8760	8	-18.0	8.2555	-19.5	9.127	-15.8	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	106.7
Pacific/Middle East/Africa													
Australia	(A$)	1.2886	+0.0053	882 - 890	1.2912	1.2860	1.2893	-0.7	1.2901	-0.5	1.2954	-0.5	100.9
Hong Kong	(HK$)	7.7495	-	490 - 500	7.7510	7.7485	7.7494	0.0	7.75	0.0	7.761	-0.1	-
India	(Rs)	35.8120	-0.033	870 - 370	35.8450	35.7850	36.027	-7.2	36.487	-7.5	-	-	-
Israel	(Shk)	3.4001	-0.0028	984 - 018	3.4069	3.3979	-	-	-	-	-	-	-
Japan	(Y)	126.335	-0.005	310 - 360	126.600	126.000	125.8	5.1	124.775	4.9	119.975	5.0	121.3
Malaysia	(M$)	2.5135	+0.0045	130 - 140	2.5145	2.5087	2.5164	-1.4	2.5217	-1.3	2.543	-1.2	-
New Zealand	(NZ$)	1.4547	+0.0097	541 - 552	1.4582	1.4530	1.457	-1.9	1.4613	-1.8	1.482	-1.9	-
Philippines	(Peso)	26.3600	-0.002	400 - 800	26.3800	26.3400	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7505	-	503 - 506	3.7507	3.7502	3.7506	-0.1	3.7512	-0.1	3.7531	-0.1	-
Singapore	(S$)	1.4430	+0.0015	425 - 435	1.4442	1.4415	1.4408	1.8	1.4363	1.9	1.415	1.9	-
South Africa	(R)	4.4610	+0.0035	595 - 625	4.4660	4.4550	4.5017	-10.9	4.5767	-10.4	4.8915	-9.7	-
South Korea	(Won)	895.000	+0.5	000 - 000	897.100	892.800	-	-	-	-	-	-	-
Taiwan	(T$)	27.6000	-0.02	800 - 200	27.6230	27.5790	27.6001	0.0	27.6003	0.0	-	-	-
Thailand	(Bt)	26.0600	-0.005	550 - 050	26.1070	26.0450	26.17	-4.1	26.3375	-3.9	26.975	-3.4	-

† SDR rate per $ for Apr 14. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Apr 14: Base average 1990=100.
The exchange rates printed in this table are also available on the internet at http://www.FT.com

WORLD INTEREST RATES

MONEY RATES

April 15	Over night	One month	Three mths	Six mths	One year	Lomb. inter.	Dis. rate	Repo rate
Belgium	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6.00	2.50	-
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.10	-	4.75
Germany	3	[illegible]	[illegible]	[illegible]	[illegible]	4.50	2.50	3.00
Ireland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	-	6.25
Italy	[illegible]	7	[illegible]	[illegible]	[illegible]	8.25	6.75	7.34
Netherlands	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	3.00	3.30
Switzerland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	1.00	-
US	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	5.00	-
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	0.50	-
■ $ LIBOR FT London								
Interbank Fixing	-	[illegible]	[illegible]	[illegible]	[illegible]	-	-	-
US Dollar CDs	-	5.52	5.67	5.82	6.17	-	-	-
ECU Linked Ds	-	[illegible]	[illegible]	[illegible]	[illegible]	-	-	-
SDR Linked Ds	-	[illegible]	[illegible]	[illegible]	[illegible]	-	-	-

$ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo Mitsubishi, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US$ CDs, ECU & SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Apr 15	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Danish Krone	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
German Mark	[illegible]	[illegible]	[illegible]	[illegible] - 3	[illegible]	[illegible]
Dutch Guilder	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
French Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Portuguese Esc.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spanish Peseta	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sterling	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swiss Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canadian Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
US Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italian Lira	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japanese Yen	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asian $Sing	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Short term rates are call for the US Dollar and Yen, others, two days' notice.

■ THREE MONTH PIBOR FUTURES (MATIF) Paris interbank offered rate

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	96.66	96.70	+0.04	96.70	96.66	18,825	56,986
Sep	96.60	96.64	+0.06	96.65	96.59	17,780	50,118
Dec	96.47	96.54	+0.07	96.55	96.47	16,560	31,807

■ THREE MONTH EUROMARK FUTURES (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	96.75	96.75	+0.01	96.76	96.74	23810	226063
Sep	96.67	96.70	+0.04	96.70	96.67	26217	215315
Dec	96.51	96.56	+0.07	96.56	96.49	62041	168959
Mar	96.32	96.40	+0.09	96.40	96.32	31889	139634

■ ONE MONTH EUROMARK FUTURES (LIFFE)* DM3m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
May	96.78	96.78	+0.01	96.78	96.78	421	4486
Jun		96.78	+0.01			0	725
Jul		96.77	+0.01			0	50
Aug		96.77	+0.01			0	5

■ THREE MONTH EUROLIRA FUTURES (LIFFE)* L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	93.24	93.28	+0.09	93.29	93.23	24838	107481
Sep	93.53	93.60	+0.10	93.61	93.53	15376	70307
Dec	93.68	93.73	+0.10	93.73	93.67	7904	42012
Mar	93.71	93.75	+0.10	93.75	93.68	4499	26731

■ THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	98.08	98.09	+0.02	98.10	98.06	6587	55017
Sep	98.04	98.04	+0.01	98.05	98.00	5575	29426
Dec	97.90	97.91	+0.02	97.91	97.86	1073	17959
Mar	97.80	97.79	+0.03	97.80	97.75	52	7749

■ THREE MONTH EUROYEN FUTURES (LIFFE) Y100m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	99.38	99.38	+0.03	99.38	99.37	230	n/a
Sep	99.26	99.27	+0.04	99.28	99.26	600	n/a
Dec	99.09	99.11	+0.05	99.11	99.09	550	n/a

■ THREE MONTH ECU FUTURES (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	95.86	95.86	+0.02	95.87	95.85	432	7902
Sep	95.79	95.82	+0.05	95.83	95.79	314	4852
Dec	95.69	95.73	+0.06	95.74	95.69	324	5310
Mar	95.60	95.65	+0.06	95.66	95.60	235	3816

* LIFFE futures also traded on APT

■ EUROLIRA OPTIONS (LIFFE) L1000m points of 100%

Strike Price	CALLS Jun	CALLS Sep	CALLS Dec	PUTS Jun	PUTS Sep	PUTS Dec
9325	0.20	0.53	0.73	0.17	0.18	0.25
9350	0.10	0.37	0.56	0.32	0.27	0.33
9375	0.04	0.24	0.42	0.51	0.39	0.44

Est. vol. total, Calls 6804 Puts 7235. Previous day's open int., Calls 145202 Puts 63016

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Apr 15		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	18.46	16.30	4.847	1.816	4766	5.449	19.61	484.9	408.2	21.55	4.114	1.720	3.901	2.795	353.1	2.479
Denmark	(DKr)	54.18	10	8.833	2.626	0.984	2582	2.952	10.62	262.7	221.2	11.68	2.229	0.932	2.114	1.514	191.3	1.343
France	(FFr)	61.34	11.32	10	2.973	1.114	2924	3.342	12.03	297.4	250.4	13.22	2.524	1.055	2.393	1.714	216.6	1.520
Germany	(DM)	20.63	3.808	3.363	1	0.375	983.3	1.124	4.045	100.0	84.21	4.446	0.849	0.355	0.805	0.577	72.85	0.511
Ireland	(I£)	55.06	10.16	8.975	2.669	1	2624	3.000	10.80	267.0	224.7	11.87	2.265	0.947	2.148	1.539	194.4	1.365
Italy	(L)	2.098	0.387	0.342	0.102	0.038	100.	0.114	0.411	10.17	8.564	0.452	0.086	0.036	0.082	0.059	7.409	0.052
Netherlands	(Fl)	18.35	3.387	2.992	0.890	0.333	874.7	1	3.598	88.98	74.91	3.955	0.755	0.316	0.716	0.513	64.80	0.455
Norway	(NKr)	51.00	9.412	8.314	2.472	0.926	2431	2.779	10	247.3	208.2	10.99	2.098	0.877	1.989	1.425	180.1	1.264
Portugal	(Es)	20.62	3.806	3.362	1.000	0.375	983.0	1.124	4.044	100.	84.18	4.445	0.849	0.355	0.805	0.576	72.83	0.511
Spain	(Pta)	24.50	4.522	3.994	1.188	0.445	1168	1.335	4.804	118.8	100.	5.280	1.008	0.421	0.956	0.685	86.51	0.607
Sweden	(SKr)	46.40	8.563	7.564	2.249	0.843	2211	2.528	9.098	225.0	189.4	10	1.909	0.798	1.810	1.297	163.8	1.150
Switzerland	(SFr)	24.31	4.486	3.962	1.178	0.441	1158	1.324	4.766	117.9	99.21	5.238	1	0.418	0.948	0.679	85.83	0.602
UK	(£)	58.14	10.73	9.478	2.818	1.056	2771	3.168	11.40	281.9	237.3	12.53	2.392	1	2.268	1.625	205.3	1.441
Canada	(C$)	25.63	4.731	4.179	1.243	0.466	1222	1.397	5.026	124.3	104.6	5.525	1.055	0.441	1	0.716	90.52	0.635
US	($)	35.78	6.603	5.833	1.734	0.650	1705	1.950	7.015	173.5	146.0	7.711	1.472	0.615	1.396	1	126.3	0.887
Japan	(Y)	28.32	5.226	4.617	1.373	0.514	1350	1.543	5.553	137.3	115.6	6.103	1.165	0.487	1.105	0.792	100.	0.702
Ecu		40.35	7.446	6.577	1.956	0.733	1923	2.198	7.911	195.6	164.7	8.695	1.660	0.694	1.574	1.128	142.5	1

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

■ D-MARK FUTURES (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	0.5807	0.5807	-0.0002	0.5812	0.5789	13,630	82,320
Sep	0.5842	0.5835	-0.0014	0.5842	0.5836	102	2,621
Dec	0.5876	0.5878	-0.0016	0.5882	0.5876	61	249

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	0.6847	0.6833	-0.0021	0.6883	0.6826	9,339	42,744
Sep	0.6915	0.6908	-0.0015	0.6918	0.6910	31	2,113
Dec	-	0.6998	-	-	0.7000	1	379

■ JAPANESE YEN FUTURES (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	0.7978	0.7991	+0.0010	0.8006	0.7967	8,854	81,996
Sep	0.8104	0.8104	+0.0013	0.8106	0.8103	136	1,322
Dec	-	0.8213	+0.0006	0.8213	-	7	611

■ STERLING FUTURES (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	1.6190	1.6260	+0.0060	1.6284	1.6180	4,255	35,693
Sep	-	1.6250	+0.0076	1.6260	-	30	886
Dec	-	1.6220	+0.0076	1.6220	-	11	101

UK INTEREST RATES

LONDON MONEY RATES

Apr 15	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	6 - 5½	6 - 5[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sterling CDs	-	-	[illegible]	[illegible]	[illegible]	[illegible]
Treasury Bills	-	-	[illegible]	[illegible]	-	-
Bank Bills	-	-	[illegible]	[illegible]	[illegible]	-
Local authority deps.	6 - 5⅞	6 - 5⅞	[illegible] - 6	[illegible]	[illegible]	[illegible]
Discount Market deps	[illegible]	6 - 5⅞	-	-	-	-

UK clearing bank base lending rate 6 per cent from October 30, 1996

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	2½	5½	5	5	4¾

Certs of Tax dep. under £100,000 is 2½pc. Deposits withdrawn for cash 1¼pc.
Ave. tender rate of discount on Apr 11, 6.0853pc. ECGD fixed rate Stlg. Export Finance. Make up day Mar 27, 1997. Agreed rate for period Apr 22, 1997 to May 25, 1997, Scheme III 7.53pc. Reference rate for period Mar 1, 1997 to Mar 27, 1997, Schemes IV & V 6.282pc. Finance House Base Rate 6½pc from Apr 1, 1997

■ THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	93.42	93.43	+0.03	93.45	93.40	13885	118246
Sep	93.17	93.17	+0.03	93.18	93.14	18168	95117
Dec	92.94	92.94	+0.04	92.95	92.90	17839	72480
Mar	92.76	92.77	+0.04	92.78	92.72	6491	49994
Jun	92.63	92.64	+0.04	92.65	92.59	3281	40710

Also traded on APT. All Open interest figs. are for previous day.

■ SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100%

Strike Price	CALLS Jun	CALLS Sep	CALLS Dec	PUTS Jun	PUTS Sep	PUTS Dec
9325	0.23	0.14	0.15	0.05	0.22	0.46
9350	0.07	0.06	0.07	0.14	0.39	0.63
9375	0.01	0.02	0.03	0.33	0.60	0.84

Est. vol. total, Calls 3239 Puts 1960. Previous day's open int., Calls 160914 Puts 158459

EMS EUROPEAN CURRENCY UNIT RATES

Apr 15	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Portugal	197.398	196.437	+0.479	-0.49	2.79	3
Finland	5.85424	5.87066	+0.0089	0.28	2.00	-2
Ireland	0.798709	0.734475	-0.001823	-8.04	11.23	54
Spain	163.826	165.482	+0.351	1.01	1.26	-7
Italy	1906.48	1930.24	+1.43	1.25	1.03	-9
Netherlands	2.16979	2.20749	+0.00217	1.74	0.54	-13
Denmark	7.34555	7.47958	+0.00818	1.82	0.45	-12
Germany	1.92573	1.96403	+0.00252	1.99	0.29	-20
Belgium	39.7191	40.5177	+0.049	2.01	0.27	-15
Austria	13.5485	13.8223	+0.0171	2.02	0.26	-15
France	6.45863	6.60636	+0.00841	2.29	0.00	-19
NON ERM MEMBERS						
Greece	295.269	308.750	+0.499	4.57	-2.18	-
UK	0.793103	0.695790	-0.005782	-12.27	16.59	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. 17/9/92: Sterling suspended from ERM. Adjustment calculated by the Financial Times.

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

Strike Price	CALLS May	CALLS Jun	CALLS Jul	PUTS May	PUTS Jun	PUTS Jul
1.620	1.42	1.98	2.39	1.39	2.02	2.51
1.630	0.99	1.64	1.95	1.96	2.53	3.02
1.640	0.66	1.17	1.57	2.58	-	-

Previous day's vol., Calls 4,328 Puts 410. Prev. day's open int., Calls 29,852 Puts 31,363

■ PHILADELPHIA SE D-MARK/$ OPTIONS DM62,500 ($ per DM)

Strike Price	CALLS May	CALLS Jun	CALLS Jul	PUTS May	PUTS Jun	PUTS Jul
0.595	0.15	0.35	0.52	1.69	1.79	-
0.600	0.09	0.25	0.40	2.14	2.16	-
0.605	0.05	0.17	0.29	-	2.65	-

Previous day's vol., Calls 1,810 Puts 101. Prev. day's open int., Calls 31,014 Puts 38,493

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	93.97	93.99	+0.02	94.00	93.96	154,635	497,430
Sep	93.65	93.70	+0.06	93.70	93.64	57,963	412,529
Dec	93.33	93.39	+0.06	93.45	93.31	47,386	301,301

■ US TREASURY BILL FUTURES (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	94.56	94.57	+0.01	94.57	94.56	353	7,104
Sep	94.24	94.28	+0.05	94.28	94.24	61	3,787
Dec	-	94.50	-	-	-	-	-

All Open interest figs. are for previous day

■ EUROMARK OPTIONS (LIFFE) DM1m points of 100%

Strike Price	CALLS May	CALLS Jun	CALLS Jul	CALLS Sep	PUTS May	PUTS Jun	PUTS Jul	PUTS Sep
9675	0.03	0.05	0.06	0.07	0.03	0.05	0.08	0.12
9700	0	0.01	0.01	0.01	0.25	0.26	0.31	0.31
9725	0	0	0	0	0.50	0.50	0.55	0.55

Est. vol. total, Calls 5400 Puts 2661. Previous day's open int., Calls 455881 Puts 256920

■ EURO SWISS FRANC OPTIONS (LIFFE) SFr 1m points of 100%

Strike Price	CALLS Jun	CALLS Sep	CALLS Dec	PUTS Jun	PUTS Sep	PUTS Dec
9825	0.03	0.11	0.16	0.21	0.32	0.50
9850	0.01	0.04	0.08	0.42	0.50	0.67

Est. vol. total, Calls 0 Puts 0. Previous day's open int., Calls 1150 Puts 1740

BASE LENDING RATES

	%		%		%
Adam & Company	6.00	Duncan Lawrie	6.00	Royal Bk of Scotland	6.00
Allied Irish Bank (GB)	6.00	Exeter Bank Limited	7.00	•Singer & Friedlander	6.00
•Henry Ansbacher	6.00	Financial & Gen Bank	7.00	•Smith & Williamson Secs	6.00
Bank of Baroda	6.00	•Robert Fleming & Co	6.00	Scottish Widows Bank	6.00
Banco Bilbao Vizcaya	6.00	•Guinness Mahon	6.00	TSB	6.00
Bank of Cyprus	6.00	Habib Bank AG Zurich	6.00	United Bank of Kuwait	6.00
Bank of Ireland	6.00	•Hambros Bank	6.00	Unity Trust Bank Plc	6.00
Bank of India	6.00	Heritable & Gen Inv Bk	6.00	Western Trust	6.00
Bank of Scotland	6.00	•Hill Samuel	6.00	Whiteaway Laidlaw	6.00
Barclays Bank	6.00	C. Hoare & Co	6.00	Yorkshire Bank	6.00
Brit Bk of Mid East	6.00	Hongkong & Shanghai	6.00		
•Brown Shipley & Co Ltd	6.00	Investec Bank (UK) Ltd	6.00	• Members of London Investment Banking Association	
Citibank NA	6.00	•Leopold Joseph & Sons	6.00	* In administration	
City Merchants Bank	6.00	Lloyds Bank	6.00		
Clydesdale Bank	6.00	Midland Bank	6.00		
The Co-operative Bank	6.00	NatWestminster	6.00		
Coutts & Co	6.00	•Rea Brothers	6.00		
Cyprus Popular Bank	6.00				

COMMODITIES AND AGRICULTURE

Freeze wreaks havoc on US wheat prospects

By Laurie Morse in Chicago

The weather is already wreaking havoc on the prospects for US wheat, and the spring planting season hasn't even begun. A record-setting freeze in the winter wheat growing regions of Texas and Oklahoma over the weekend hit just as plants were sprouting, producing damage estimates ranging from 10 to 20 per cent of crops, or 100m to 200m bushels.

Further north, in the spring wheat growing centres of North Dakota and Minnesota, farmers are digging out from under snow falls of twice the normal levels – as much as 100 inches in some areas. Melting snow has swamped fields and is expected to delay planting by at least 20 days in the Dakotas, pushing harvest dates into late autumn, when early frosts could cut yields.

Grain market analysts were busy on Monday subtracting hundreds of millions of bushels of wheat from their US supply calculations, though many said factoring in freeze damage was difficult. Wheat is notoriously resilient, capable of sending up new growth if early buds are killed.

Wheat futures on the Kansas City Board of Trade, where hard red winter wheat is traded, reached nine-month highs on Monday in response to the weekend freeze and added to the gains on Tuesday. The Kansas City contract for July delivery traded as high as $4.55 per bushel on Tuesday morning.

What the freeze in the southern plains has done, says Mr Jerry Gidel, analyst with Dean Witter Reynolds, is eliminate any surplus building during what had been excellent winter growing conditions. He had expected the US to harvest 980m bushels of hard red winter wheat this spring, a comfortable recovery from last year's drought-hit crop of 762m bushels.

He has now cut that estimate to 810m bushels, about the same as in 1995, when an early freeze also hit the southern plains. That reduction, combined with declining prospects for wheat production elsewhere in the world, could trim the global outlook for higher wheat stockpiles this year.

"For the longest time we've been worried about too much supply," said Mr Gidel. "Now things are tightening up. There's been too much rain in the eastern European wheat growing regions, Canada's plantings may be delayed, and western Europe is very dry."

In northern plains states such as North Dakota, the US Department of Agriculture said on Monday that only 2 per cent of the spring wheat crop had been planted, well behind normal schedules. No planting progress was made last week as the Dakotas suffered another blizzard. Agriculture officials in the region don't expect wheat seedings to begin in earnest until early May.

Though that means a short growing season, it doesn't necessarily translate into a smaller crop. Yields from the region were robust last year, despite late planting, owing to ample moisture in the growing season, and because farmers had access to new short-season seed varieties.

In fact, the recent run-up in futures prices may inspire northern farmers to boost spring wheat plantings. "With wheat prices over $4, and the growing season short, those guys will forget about seeding corn and plant all their acres to wheat," said one trader.

Amplats plans new platinum mine

By Kenneth Gooding, Mining Correspondent, in Johannesburg

Anglo American Platinum Corporation (Amplats) is to spend R1.2bn ($269m) starting a new platinum mine at Boschkoppie in the Rustenberg area of South Africa.

Boschkoppie is believed to be the last viable resource of the Merensky Reef, the world's richest source of platinum metals, and is already being exploited by three mines.

Amplats aims to start the new mine in 2000, reaching full production by 2002 when the mine will have an annual output of 250,000 troy ounces of platinum and employ 4,000 people.

South Africa already accounts for about 3.35m ounces of platinum a year, or about 75 per cent of the world's newly mined platinum. Amplats produces half of South Africa's platinum.

The group is also to spend R350m expanding concentrator capacity at its Potgietersrust Platinums offshoot from 250,000 tonnes to 370,000 tonnes a month. This will be ready in 1999.

Amplats said these projects would help it take advantage of a widely-expected platinum supply deficit. Platinum is an essential material in automotive anti-pollution catalysts. The group also sees a big future for fuel cells, electrochemical devices that use platinum to help convert fuel into electricity directly.

Amplats is also considering merging the four individually quoted companies in its stable. These companies are Rustenberg Platinum Holdings; Potgietersrust Platinums; Lebowa Platinum Mines and Amplats itself.

See Lex

Chicago grain futures fall

MARKETS REPORT

By Laurie Morse in Chicago, and Robert Corzine and Gary Mead in London

Grain futures on the Chicago Board of Trade fell yesterday after rallying on Monday in response to news of freeze damage over the weekend to the US winter wheat crop. Wheat futures prices for July delivery were down 3.75 cents a bushel at $4.25 near midday as traders took profits after Monday's 20 cent rally. Maize and soyabean futures also dipped.

Traders said reports of the damage caused by the freeze in wheat-growing regions of the southern plains varied widely, and that a real assessment of the crop loss would not be available for about three weeks.

Wheat prices on the Kansas City Board of Trade, where hard red winter wheat futures are traded, remained slightly higher at midday.

Crude oil fell ahead of publication of the latest US inventory data from the American Petroleum Institute. The price of Brent Blend for May delivery, the international benchmark, was quoted at about $18.00 a barrel in late London trading, 19 cents down on Monday's settlement price.

Traders said they would be keen to see whether US gasoline stocks are being built up ahead of the spring and summer driving season.

Gold was under pressure in the US yesterday, the spot price slipping by midday to $341.30 an ounce, compared with the London morning "fix" of $345.60. Heavy early US selling prompted a sharply lower "fix" in London in the afternoon, at $343.

Palladium continued to retreat, with the June price down $4 to $149.90 on Nymex in late afternoon trading, amid expectations that talks between Russia and Japan on the resumption of Russian exports might re-start later this month.

Base metals were stable on the London Metal Exchange; the three month contract for copper hit a high of $2,287 a tonne before ending at $2,281, a rise of $24 on Monday's closing price.

LME WAREHOUSE STOCKS
(As at Thursday's close)
tonnes

Aluminium	−1,675	to 835,175
Aluminium alloy	−280	to 70,900
Copper	−2,125	to 155,775
Lead	+400	to 107,925
Nickel	+1,872	to 51,054
Zinc	−1,650	to 436,400
Tin	−120	to 9,925

NZ puts upmarket spin on merino wool

Farmers are banking on the exclusivity of the 'aristocrats of the sheep world'

Since New Zealand's merino sheep farmers broke away from the International Wool Secretariat, the wool marketing group, in 1995, they have been working to develop an exclusive identity for their fine fibre.

They set up Merino New Zealand as a marketing and research and development organisation, funded by the grower's levy which farmers pay to Wools of New Zealand. MNZ has a budget of about NZ$3m (US$2.1m), of which 70 per cent is earmarked for marketing.

The new group drew up a plan intended to give farmers more consistent prices for their product by aiming their limited supplies at upmarket customers.

In the plan, MNZ adopted an idea from food producers. The phrases "from plough to plate" and "stable to table" are well known in the food chain, where traceability and quality assurance are topical issues.

MNZ came up with "from fleece to fashion" to describe the same integration from producer to consumer. The aim is to link specific farmers with particular customers so that the fibre can be grown to order.

Long-term contracts, perhaps covering a proportion of a farmer's production, should give them a more reliable source of earnings, while customers will be sure of getting the quality of wool they want consistently, and also benefit from less volatile prices.

When they pulled out of the IWS, the New Zealand producers were frustrated that their wool was being blended with what they regarded as lower quality fibres from higher volume producers in other countries to improve the average.

As New Zealand wool was swamped by the output of other producers, the prices farmers received were volatile. Furthermore, because New Zealand merino wool had been blended, there was little to differentiate the product in buyers' minds.

According to Mr Andrew Caughey, MNZ's European marketing manager, "merinos are the aristocrats of the sheep world". More than that, he argues that New Zealand merinos grow the finest wool of all.

New Zealand produces around 8,000 tonnes of merino wool a year, only about 8 per cent of the country's total wool production by volume and a tiny proportion of the world's merino output. That scarcity has been turned into a marketing point by stressing the fibre's "exclusivity".

MNZ hopes its 'fleece to fashion' concept will stabilise prices

Mr Kym McConnell, MNZ's brand manager, says New Zealand merinos, which mainly live in the high country of South Island, enjoy a cleaner environment and better pasture than others.

Since wool is a natural fibre, its quality depends on the condition of the animal. Mr McConnell says, "a different eating pattern can weaken the fibre". MNZ is doing research to assess how different management regimes affect the product.

New Zealand merino fibres are stronger, making them ideal for suiting material, which requires a combination of strength and softness. The lack of pollution means the fleeces are whiter than others even after they have been washed.

Mr McConnell contends that New Zealand merino compares with cashmere in terms of the fineness of the fibre, measured in microns, and its "handle" – and it is in similarly scarce supply.

Mr Caughey is now promoting the virtues of New Zealand merino to leading designers in Europe, hoping to persuade them to specify 100 per cent New Zealand merino for their products.

A New Zealand Merino Marque has been developed using purple and gold to reflect merino's "royal" history. He aims to position the brand discreetly alongside prestigious names in the clothing world.

Some manufacturers have tried the fibre and Mr Caughey is optimistic he will have customers signed up by the time the sheep are sheared in September.

Maggie Urry

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE
(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1518-9	1553-4
Previous	1513-14	1548-49
High/low		1557/1548
AM Official	1519.5-20.5	1555-55.5
Kerb close		1555.5-6.0
Open int.	273,285	
Total daily turnover	107,648	

■ ALUMINIUM ALLOY ($ per tonne)

Close	1420-30	1451-2
Previous	1423-25	1453-57
High/low		1455/1451
AM Official	1423-25	1451-52
Kerb close		1450-2
Open int.	5,754	
Total daily turnover	6,109	

■ LEAD ($ per tonne)

Close	631-2	640-1
Previous	621-22	631-32
High/low		645/636
AM Official	631-32	640-41
Kerb close		645-6
Open int.	39,045	
Total daily turnover	9,796	

■ NICKEL ($ per tonne)

Close	7250-55	7360-65
Previous	7070-80	7185-90
High/low	7260/7255	7400/7265
AM Official	7250-55	7360-65
Kerb close		7390-95
Open int.	51,537	
Total daily turnover	22,067	

■ TIN ($ per tonne)

Close	5690-95	5735-40
Previous	5655-65	5710-15
High/low		5765/5730
AM Official	5690-95	5735-40
Kerb close		5750-60
Open int.	16,710	
Total daily turnover	3,312	

■ ZINC, special high grade ($ per tonne)

Close	1222-2.5	1248-8.5
Previous	1211.5-12.5	1236.5-37.5
High/low	1222	1261/1247
AM Official	1222-22.5	1248-48.5
Kerb close		1258-8.5
Open int.	88,926	
Total daily turnover	41,459	

■ COPPER, grade A ($ per tonne)

Close	2314-5	2276-7
Previous	2289-92	2251-52
High/low	2314	2287/2263
AM Official	2314-15	2275-77
Kerb close		2280-81
Open int.	136,702	
Total daily turnover	47,115	

■ LME AM Official £/$ rate: 1.6285
LME Closing £/$ rate: 1.6263

Spot: 1.6267 3 mths: 1.6247 6 mths: 1.6227 9 mths: 1.6211

■ HIGH GRADE COPPER (COMEX)

	Sett price	Day's change	High	Low	Vol	Open int
Apr	107.80	+1.15	107.80	106.90	313	2,329
May	106.25	+0.80	107.20	105.45	5,601	20,073
Jun	105.50	+0.75	106.40	105.50	65	1,636
Jul	104.75	+0.90	105.50	104.00	914	8,396
Aug	103.95	+0.80	104.50	104.50	46	850
Sep	103.15	+0.90	103.60	102.80	72	4,260
Total					7,109	49,832

PRECIOUS METALS

■ LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold(Troy oz)	$ price	£ equiv	SFr equiv
Close	341.70-342.20		
Opening	345.50-345.80		
Morning fix	345.60	212.468	507.168
Afternoon fix	343.00	210.882	504.696
Day's High	345.70-346.00		
Day's Low	341.40-341.70		
Previous close	346.50-347.00		

Loco Ldn Mean Gold Lending Rates (Vs US$)
1 month ....4.57 6 months 4.60
2 months ....4.56 12 months 4.60
3 months 4.57

Silver Fix	p/troy oz.	US cts equiv.
Spot	289.90	472.00
3 months	293.90	477.95
6 months	298.20	484.35
1 year	306.75	497.35
Gold Coins	**$ price**	**£ equiv.**
Krugerrand	346-348	213-215
Maple Leaf	-	-
New Sovereign	81-84	50-52

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Apr	341.7	−4.7	343.3	340.0	45	398
May	342.5	−4.7	-	-	1	-
Jun	343.9	−4.8	348.5	342.3	11,263	65,784
Aug	346.5	−4.8	350.8	345.0	74	13,214
Oct	349.1	−5.0	352.8	348.0	75	8,197
Dec	352.0	−5.0	356.5	350.7	86	21,729
Total					11,492	150,382

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Apr	364.8	−1.9	370.0	370.0	6	19
Jul	367.5	−2.7	369.5	364.5	895	12,782
Oct	369.7	−2.7	371.8	367.5	31	2,275
Jan	371.9	−2.7	371.0	370.0	2	1,149
Total					934	16,341

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Jun	150.05	−3.85	151.75	148.20	857	7,196
Sep	150.55	−3.85	151.00	148.40	95	2,598
Dec	151.30	−3.85	-	156.00	100	326
Total					1,052	10,120

■ SILVER COMEX (5,000 Troy oz.; Cents/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Apr	469.8	−1.3	-	-	-	2
May	470.5	−1.5	472.5	466.0	5,925	52,618
Jul	475.7	−1.5	477.5	471.0	770	28,863
Sep	480.5	−1.6	482.0	477.0	92	4,022
Dec	487.8	−1.5	490.0	483.5	95	5,726
Jan	490.3	−1.6	486.5	486.5	1	17
Total					6,945	100,138

ENERGY

■ CRUDE OIL NYMEX (1,000 barrels, $/barrel)

	Latest price	Day's change	High	Low	Vol	Open int
May	19.89	−0.01	20.09	19.70	37,084	56,316
Jun	19.85	−0.06	20.04	19.73	29,665	87,605
Jul	19.88	−0.04	20.03	19.77	8,064	41,889
Aug	19.93	+0.02	20.00	19.79	3,892	26,948
Sep	19.95	+0.04	19.97	19.77	1,424	18,066
Oct	19.97	−0.03	19.97	19.87	350	15,895
Total					83,118	416,662

■ CRUDE OIL IPE ($/barrel)

	Latest price	Day's change	High	Low	Vol	Open int
May	18.03	−0.16	18.16	17.87	9,029	19,792
Jun	18.32	−0.01	18.43	18.14	16,713	73,024
Jul	18.47	−0.01	18.53	18.32	3,137	28,894
Aug	18.56	-	18.63	18.43	1,174	12,985
Sep	18.65	+0.03	18.65	18.60	30	8,248
Oct	18.69	+0.03	18.69	18.60	205	6,175
Total						

■ HEATING OIL NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Vol	Open int
May	54.50	−0.17	55.20	54.35	11,008	31,177
Jun	53.80	−0.25	54.45	53.65	8,001	27,262
Jul	53.85	−0.25	54.40	53.70	4,448	21,437
Aug	54.65	-	54.80	54.55	972	11,718
Sep	55.35	−0.05	55.45	55.05	597	7,300
Oct	56.15	-	56.15	56.05	83	6,956
Total					26,266	141,101

■ GAS OIL IPE ($/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
May	165.25	+0.25	166.50	164.25	5,335	25,808
Jun	166.50	+0.25	167.50	165.50	3,409	9,760
Jul	168.25	+0.50	169.00	167.50	1,043	6,166
Aug	170.00	-	171.00	169.75	252	4,937
Sep	171.75	-	172.50	171.75	150	2,252
Oct	173.75	+0.25	175.00	173.50	200	2,611
Total					11,225	61,029

■ NATURAL GAS NYMEX (10,000 mmBtu; $/mmBtu)

	Latest price	Day's change	High	Low	Vol	Open int
May	1.937	−0.016	1.959	1.925	11,047	25,365
Jun	1.990	−0.016	2.005	1.960	4,189	25,434
Jul	2.025	−0.005	2.035	2.006	784	14,477
Aug	2.045	−0.005	2.045	2.020	1,217	10,711
Sep	2.050	−0.003	2.055	2.040	621	11,372
Oct	2.075	−0.003	2.075	2.065	1,193	13,104
Total					23,948	176,814

■ UNLEADED GASOLINE
NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Vol	Open int
May	61.50	−0.46	62.25	61.40	12,360	36,079
Jun	61.15	−0.33	61.85	61.06	5,335	35,527
Jul	60.30	−0.18	60.80	60.15	2,413	12,289
Aug	59.40	−0.02	59.60	59.25	525	5,464
Sep	58.10	+0.02	58.20	57.90	332	2,793
Oct	56.50	+0.02	56.50	56.45	166	1,834
Total					22,052	100,854

GRAINS AND OIL SEEDS

■ WHEAT LIFFE (£ per tonne)

	Sett price	Day's change	High	Low	Vol	Open int
May	98.90	−0.35	98.25	97.75	152	1,941
Jul	102.00	−0.25	102.00	100.75	130	1,477
Sep	98.75	−0.65	98.50	98.50	-	46
Nov	100.75	−0.65	100.75	100.25	276	3,143
Jan	102.75	−0.65	102.85	102.25	60	876
Mar	104.75	−0.65	104.50	104.50	10	323
Total					651	7,813

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
May	415.75	−7.25	435.00	413.50	2,141	12,093
Jul	421.75	−8.5	438.00	419.50	8,233	40,340
Sep	426.50	−8.5	443.00	423.50	693	10,200
Dec	434.50	−8.5	450.50	432.00	1,944	8,777
Mar	433.00	−9	447.00	432.00	16	392
Jul	386.50	−4	388.00	386.00	41	205
Total					11,169	81,009

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
May	302.75	−1	303.75	299.00	30,234	102,806
Jul	304.00	−2.25	306.00	300.00	25,173	123,063
Sep	290.25	−1.5	290.75	287.00	1,382	20,571
Dec	287.25	−2.5	289.00	283.75	15,824	98,855
Mar	291.00	−2.75	292.00	288.00	407	9,406
May	294.50	−3.5	295.00	291.00	17	603
Total					73,089	360,763

■ BARLEY LIFFE (£ per tonne)

	Sett price	Day's change	High	Low	Vol	Open int
May	92.50	-	-	-	-	129
Sep	95.75	−0.50	95.75	95.75	3	31
Nov	97.75	−0.50	97.75	97.75	5	785
Jan	99.75	−0.50	99.75	99.75	5	53
Mar	101.75	−0.50	-	-	-	-
May	103.75	−0.50	-	-	-	-
Total					13	998

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
May	836.00	+3	837.00	818.00	16,275	52,998
Jul	841.00	+2	843.00	825.00	34,836	74,761
Aug	826.50	+0.25	830.00	815.50	1,481	9,540
Sep	754.50	−2.25	758.00	749.00	981	6,063
Nov	701.50	−3.25	704.25	696.00	8,226	38,547
Jan	708.50	−1.5	710.00	703.50	125	2,364
Total					61,469	189,425

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

	Sett price	Day's change	High	Low	Vol	Open int
May	24.18	+0.26	24.22	23.78	6,395	27,846
Jul	24.56	+0.26	24.62	24.19	6,144	34,952
Aug	24.75	+0.24	24.78	24.38	456	9,154
Sep	24.85	+0.26	24.90	24.50	168	5,390
Oct	24.89	+0.26	24.87	24.70	79	2,301
Dec	25.16	+0.21	25.20	24.88	967	13,569
Total					14,333	99,159

■ SOYABEAN MEAL CBT (100 tons; $/ton)

	Sett price	Day's change	High	Low	Vol	Open int
May	275.0	−0.7	276.0	269.5	8,440	35,631
Jul	272.8	−0.4	273.2	267.5	8,747	35,232
Aug	265.7	−1.1	266.5	261.0	1,255	10,181
Sep	250.0	-	253.0	248.0	216	6,610
Oct	233.3	−0.6	231.0	228.0	158	6,376
Dec	222.3	−1	223.5	220.0	908	13,349
Total					20,841	110,365

■ POTATOES LIFFE (£/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
May	45.0	−3.0	46.0	45.5	14	384
Nov	65.0	−2.5	-	-	-	-
Mar	75.0	−2.0	75.0	75.0	-	15
Apr	147.0	−3.0	148.0	143.0	99	994
Total					113	1,427

■ FREIGHT (BIFFEX) LIFFE ($10/index point)

	Sett price	Day's change	High	Low	Vol	Open int
Apr	1360	−40	1395	1355	93	806
May	1365	−30	1410	1365	49	715
Jul	1197	−3	1210	1200	39	654
Oct	1315	−15	1315	1315	10	384
Jan	1360	−15	1361	1360	10	45
Apr	1400	-	-	-	-	-
Total					253	2,861

	Close	Prev
BFI	1438	1427

FUTURES DATA
All futures data supplied by CMS.

SOFTS

■ COCOA LIFFE (£/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
May	1025	+12	1025	1018	1,679	18,149
Jul	1042	+13	1042	1034	2,741	18,038
Sep	1050	+11	1052	1044	443	12,909
Dec	1024	+3	1027	1020	1,074	27,316
Mar	1034	+3	1036	1030	599	28,036
May	1044	+3	1043	1043	20	16,553
Total					6,761	133,997

■ COCOA CSCE (10 tonnes; $/tonnes)

	Sett price	Day's change	High	Low	Vol	Open int
May	1414	−4	1427	1413	5,230	7,312
Jul	1455	−6	1469	1454	4,275	31,095
Sep	1477	−6	1489	1473	273	13,008
Dec	1498	−5	1508	1498	274	15,153
Mar	1521	−5	1530	1525	178	19,262
May	1543	−3	1540	1540	59	7,906
Total					12,308	95,315

■ COCOA (ICCO) (SDR's/tonne)

	Price	Prev. day
Apr 14		
Daily	1137.32	1130.25

■ COFFEE LIFFE ($/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
May	1578	+25	1590	1570	1,368	17,815
Jul	1595	+30	1603	1585	2,897	14,124
Sep	1604	+32	1611	1592	544	8,990
Nov	1597	+32	1605	1587	147	3,502
Jan	1572	+27	1595	1565	128	1,298
Mar	1557	+27	1540	1540	20	92
Total					5,734	45,779

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
May	182.40	−3.80	201.50	191.00	4,595	8,439
Jul	174.55	−2.35	181.50	174.00	3,345	10,669
Sep	160.95	−1.80	166.50	160.25	595	6,664
Dec	145.40	−2.60	151.00	145.25	119	3,954
Mar	136.00	−1.75	140.50	136.00	35	1,318
May	134.00	+2.00	134.00	134.00	7	244
Total					8,690	31,633

■ COFFEE (ICO) (US cents/pound)

	Price	Prev. day
Apr 14		
Comp. daily	137.56	135.71
15 day average	134.99	134.40

■ WHITE SUGAR LIFFE ($/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
May	307.5	+1.0	308.5	302.6	1,414	2,903
Aug	308.5	−0.3	309.0	307.5	2,148	10,978
Oct	304.7	−0.8	305.0	304.2	314	3,378
Dec	301.7	−0.9	302.5	301.2	58	1,063
Mar	300.5	−0.8	301.0	301.0	15	628
Total					4,257	19,259

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
May	11.13	−0.11	11.21	11.10	14,811	57,089
Jul	11.01	−0.12	11.08	10.97	10,710	59,938
Oct	10.79	−0.10	10.86	10.76	2,219	31,984
Mar	10.70	−0.10	10.76	10.68	327	18,823
May	10.65	−0.09	10.71	10.64	120	3,719
Jul	10.60	−0.07	10.61	10.60	89	1,813
Total					28,276	173,822

■ COTTON NYCE (50,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
May	71.76	−0.80	72.50	71.10	5,173	25,695
Jul	73.40	−0.84	74.10	72.73	4,133	24,277
Oct	74.65	−0.45	75.00	74.50	90	1,983
Dec	75.60	−0.36	76.00	75.15	1,775	22,161
Mar	76.70	−0.35	76.70	76.30	507	2,699
May	77.35	−0.30	77.20	77.25	25	640
Total					11,717	78,372

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
May	74.80	−0.85	75.70	73.90	1,182	10,505
Jul	77.30	−0.70	78.40	78.10	1,014	10,107
Sep	79.85	−1.15	81.30	79.35	141	4,745
Nov	82.60	−0.80	83.20	82.20	23	2,076
Jan	84.60	−0.80	85.00	85.20	29	884
Mar	86.60	−0.60	87.00	87.00	167	660
Total					2,444	29,084

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett Price	Day's change	High	Low	Vol	Open int
Apr	70.300	-	70.800	70.050	2,322	10,130
Jun	65.400	+0.15	65.650	64.950	7,260	36,764
Aug	64.625	−0.075	64.950	64.475	2,002	24,861
Oct	68.100	−0.15	68.525	68.075	800	15,836
Dec	69.925	−0.225	70.325	69.875	437	7,802
Feb	70.700	−0.2	71.000	70.850	240	4,524
Total					13,091	100,587

■ LEAN HOGS CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Apr	74.425	−0.1	74.500	74.125	1,656	2,087
Jun	83.075	+0.375	83.400	82.225	4,135	15,330
Jul	82.625	+0.15	83.000	82.000	2,104	4,754
Aug	80.050	+0.15	80.375	79.450	1,389	3,593
Oct	73.325	+0.075	73.650	72.650	489	3,083
Dec	70.950	−0.1	71.250	70.650	254	2,059
Total					9,432	31,892

■ PORK BELLIES CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
May	82.600	−0.275	83.625	81.625	1,178	3,623
Jul	81.575	−0.325	82.600	81.100	566	2,393
Aug	78.800	+0.1	79.750	77.425	93	743
Feb	71.200	−0.35	71.900	71.200	23	147
Mar	71.000	-	-	-	1	8
Total					1,849	7,119

LONDON TRADED OPTIONS

Strike price $ tonne — Calls — — Puts —

■ ALUMINIUM

(99.7%) LME	May	Aug	May	Aug
1500	44	81	10	27
1550	17	61	33	46
1600	4	39	70	73

■ COPPER

(Grade A) LME	May	Aug	May	Aug
2200	117	111	5	56
2300	44	63	31	106
2400	9	32	98	173

■ COFFEE LIFFE

	May	Jul	May	Jul
1550	33	122	5	77
1600	7	97	29	102
1650	2	78	74	131

■ COCOA LIFFE

	May	Jul	May	Jul
1025	10	64	10	60
1050	2	52	27	77
1075	-	44	50	95

■ BRENT CRUDE

IPE	Jun	Jul	Jun	Jul
1800	-	-	50	-
1850	-	-	-	-
1900	31	54	-	-

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel)

		+or-
Dubai	$16.43-6.49w	-0.08
Brent Blend (dated)	$17.53-7.54	-0.125
Brent Blend (May)	$17.98-7.99	-0.195
W.T.I.	$19.82-9.84w	-0.125

■ OIL PRODUCTS NWE prompt delivery CIF (tonne)

Premium Gasoline	$201-203	
Gas Oil	$167-170	
Heavy Fuel Oil	$80-82	
Naphtha	$182-184	-0.5
Jet fuel	$187-189	+1
Diesel	$176-179	

■ NATURAL GAS (Pence/therm)

Bacton (May)	10.3-10.4	+0.1

Petroleum Argus. Tel. London (0171) 359 8792

IPE (May)	10.285	-0.005

■ OTHER

Gold (per troy oz)‡	$341.85	-4.80
Silver (per troy oz)‡	470.00c	-3.00
Platinum (per troy oz.)	$354.50	-5.50
Palladium (per troy oz.)	$150.50	-3.75
Copper	114.0c	
Lead (US prod.)	45.00c	
Tin (Kuala Lumpur)	14.03r	
Tin (New York)	264.50	
Cattle (live weight)	94.32p	-5.05*
Sheep (live weight)	136.40p	-9.07*
Pigs (live weight)†	83.74p	-1.33*
Lon. day sugar (raw)	$277.0	-0.20
Lon. day sugar (wte)	$307.50	-4.50
Barley (Eng. feed)	Unq	
Maize (US No3 Yellow)	£108.75	
Wheat (US Dark North)	Unq	
Rubber (May)♥	75.00p	
Rubber (Jun)♥	75.00p	
Rubber (KL RSS No1)	292.0x	+0.5
Coconut Oil (Phil)§	720.0y	-5.0
Palm Oil (Malay.)§	565.0z	+2.5
Copra (Phil)§	$480.0y	
Soyabeans (US)	225.0	
Cotton Outlook'A' index	79.25c	+0.35
Wooltops (64s Super)	410p	

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. w May y Apr/May♥ z Apr London Physical. § CIF Rotterdam. ‡ Bullion market close. * Change on week. †Based on 4,137 head of pigs sold.

Minor metals
European free market, from Metal Bulletin, $ per lb in warehouse, unless otherwise stated (last week's in brackets, where changed). Antimony: 99.6%, $ per tonne, 2,350-2,460 (2,325-2,425). Bismuth: min. 99.99%, tonne lots 2.90-3.15. Cadmium: min. 99.95%, cents a pound, 50.00-55.00 (55.00-65.00). Cobalt: MB free market, min. 99.8%, 22.50-23.50 (21.95-22.65); min. 99.3%, 20.20-21.30 (19.75-20.45). Mercury: min. 99.99%, $ per 76 lb flask, 160-171. Molybdenum: drummed molybdic oxide, 4.55-4.75 (4.50-4.70). Selenium: min 99.5%, 2.35-3.00 (2.35-3.10). Tungsten ore: standard min. 65%, $ per tonne unit (10kg) WO_3, cif, 45-55. Vanadium: min. 98%, cif, 3.80-3.90 (3.85-4.00). Uranium: Nuexco unrestricted exchange value, 12.25.

VOLUME DATA
Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears. Volume & Open interest totals are for all traded months.

INDICES

■ Reuters (Base: 18/9/31 = 100)

Apr 15	Apr 14	month ago	year ago
1953.9	1948.8	1964.8	2114.1

■ CRB Futures (Base: 1967 = 100)

Apr 14	Apr 11	month ago	year ago
244.66	242.71		

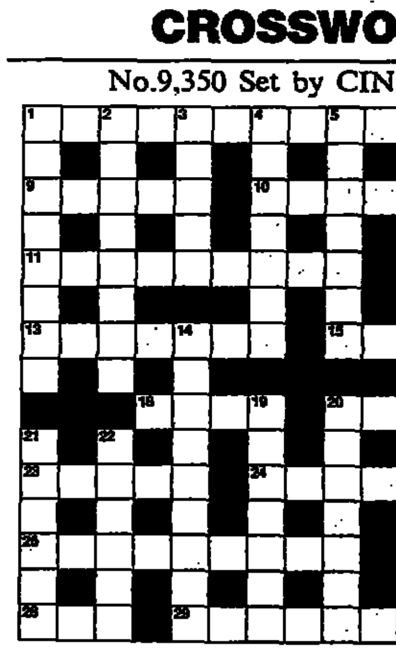
■ GSCI Spot (Base: 1970 = 100)

Apr 14	Apr 11	month ago	year ago
191.78	189.62	195.30	213.12

JOTTER PAD

CROSSWORD

No.9,350 Set by CINEPHILE



YT is a young thing

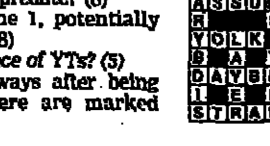
ACROSS

1 YT's quality shines out with revolvers about (11)
7 YT's figure missing the point (3)
9 The weight of gravitation? It should pick up (5)
10 Meal taken one by one in provocative fashion (9)
11 10 is included among friends such as a YT (9)
12 Safe 'ouses for herb bennet (5)
13 YT always entering a handicap (7)
15 YT surrounds book with love (4)
18 YT born in alcove (4)
20 YT, a little European? (7)
23 In diplomacy I should be unacknowledged (5)
24 10 with matter requiring therapy (9)
26 Self-obsessed person from (for example) Arab state with 1 across (9)
27 YT right among molten stuff (5)
28 Pull YT's leg? (3)
29 Bee and YT played with ball on string (6-5)

DOWN

1 American mountains where predators predate? (8)
2 Venite, line 1, potentially soothing (8)
3 Consequence of YTs? (5)
4 Lean sideways after being struck: here are marked men (3,4)
5 Each dip provides evidence of the state of the soil (7)
6 Inspired everyone, having gone round in circles? (3)
7 YT sounds as if it could be ringed (6)
8 Like a YT, half of which (the first) the nonsense is about (6)
14 YT in the oven with bar almost out of place (5,4)
16 Spy taking carriage to pick up some velvet (4,4)
17 Animal book revealed by its era (8)
19 YT has a lot of success as a catalyst (7)
20 Male raptor has a row with some celebrities (7)
21 Run of luck or nude (6)
22 Agreement, often with one's own (6)
25 Flower of the aristocracy in Sussex down coming up (5)

Solution 9,349



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Offshore Funds

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OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

	Init Notes Chrge	Selling Price	Buying Price	+ or -	Yield Gr's
Fidelity Currency Funds Ltd					
Pembroke Hall, Pembroke, Bermuda					
A$ Accum		A$19.587		+0.002	4.60
ASch Accum		Sch261.32		+0.01	2.10
C$ Accum		C$18.684		—	1.90
DM Accum		DM28.476		+0.002	2.00
DKr Accum		DKr31.920		+0.002	1.80
ECU Accum		Ecu19.083		+0.001	3.00
FFr Accum		FFr87.772		+0.004	2.10
HK$ Accum		HK$123.00		+0.02	4.40
Lire Accum		L24341		+4	6.30
NZ$ Accum		NZ$41.238		+0.007	6.40
NKr Accum		NKr113.85		—	2.00
S$ Accum		S$26.285		—	2.10
SPta Accum		Pta2804.9		+0.3	4.70
£ Accum		£13.436		+0.001	5.00
SKr Accum		SKr132.98		+0.01	3.00
SFr Accum		SFr28.461		—	0.50
US$ Accum		$24.008		+0.003	4.90
Yen Accum		Y2801.7		—	0.10
Prices for dealing April 15					
Jupiter Asset Management (Bermuda) Ltd					
Jupiter Tyndall World Umbrella Fund Ltd					
Eurobond		$15.71	16.80	-0.09	4.37
Money		$14.35	15.09	+0.01	2.91
Mortgage		C$24.34	25.58	-0.05	7.11
North American		$13.76	14.46	-0.15	0.00
Overseas		$16.53	17.38	-0.43	0.00
Tiger		$16.51	17.34	-0.02	0.00
UK Small Cos		£1.51	1.58	+0.01	0.00
Newport Investment Management					

	Init Notes Chrge	Selling Price	Buying Price	+ or -	Yield Gr's
Rothschild Asset Management - Contd.					
Five Arrows International Bond Funds					
FAIB £ Bond	3¼	£22.13	22.84	+0.01	5.79
FAIB US$ Bond	3¼	$33.06	34.18	-0.01	5.31
FAIB £ Global	3¼	£16.78	17.35	—	5.27
FAIB US$ Global	3¼	$29.84	30.84	-0.04	5.23
Five Arrows International Reserves Ltd					
FAIRL £		£48.128		+0.009	5.06
FAIRL A$		A$51.279		+0.007	5.01
FAIRL C$		C$37.272		+0.008	2.00
FAIRL DFl		Dfl101.299		+0.005	1.97
FAIRL DKr		DKr403.06		+0.020	2.41
FAIRL DM		DM98.972		+0.006	2.08
FAIRL ECU		Ecu32.391		+0.003	3.66
FAIRL BFr		BFr2080.87		+0.120	2.04
FAIRL FM F		FM382.291		+0.017	1.86
FAIRL FFr		FFr450.362		+0.027	2.14
FAIRL HK$		HK$185.01		+0.020	4.24
FAIRL Lire		L148584		+25.0	6.26
FAIRL NZ$		NZ$47.946		+0.008	6.36
FAIRL NKr F		NKr404.17		+0.022	1.97
FAIRL S$		S$88.017		+0.024	2.23
FAIRL R F		R518.044		+0.120	14.76
FAIRL Pta		Pta4600.78		+0.800	4.79
FAIRL SF		SFr77.525		+0.001	0.63
FAIRL SKr		SKr205.8		+0.020	3.04
FAIRL U.S.$		$64.08		+0.008	4.82
FAIRL Yen		Y10114.08		—	0.00
FAIRL Man £		£26.477		+0.020	4.41
FAIRL Man DM		DM67.47		+0.051	1.85
FAIRL Man $		$31.868		+0.004	4.06
FAIRL Man Int		$20.741		-0.023	2.73
Five Arrows Currency Fund Ltd					
FACFL £		£10.216		+0.002	4.80
FACFL A$		A$16.399		+0.002	4.78
FACFL C$		C$20.157		+0.001	1.88
FACFL DFl		Dfl50.362		+0.002	1.81
FACFL DKr		DKr151.84		+0.010	2.37
FACFL DM		DM40.846		+0.002	1.86
FACFL ECU		Ecu15.196		+0.001	2.82
FACFL BFr		BFr606.96		+0.040	1.94
FACFL FM F		FM70.541		+0.001	0.56
FACFL FFr		FFr100.908		+0.008	1.95
FACFL HK$		HK$101.93		+0.010	4.41
FACFL Lire		L25729		+4.00	6.09
FACFL NZ$		NZ$25.764		+0.005	6.04
FACFL NKr F		NKr101.187		+0.005	1.85
FACFL S$		S$30.282		+0.007	2.13
FACFL R F		R74.274		+0.025	12.97
FACFL Pta		Pta2046.08		+0.250	4.40
FACFL SKr		SKr101.39		+0.019	2.87
FACFL SwFr		SFr30.072		+0.007	0.56
FACFL U.S.$		$15.267		+0.001	4.48

BERMUDA (REGULATED)(**)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

	Init Notes Chrge	Selling Price	Buying Price	+ or -	Yield Gr's
Murray Johnstone (Dublin) Ltd					
Europa House, Harcourt St, Dublin 2 3531 407 2000					
Murray Global Accumulation Fund Plc					
Murray Financials Bond	2	105.82		+0.09	5.94
US Dollar Financials Bond	2	$1.0046		+0.0005	-
Odey Asset Management Ltd					
80 Harcourt Street, Dublin 2 00 3531 790 2400					
Odey European Gth Inc		DM185.06		—	-
Odey European Gth Acc		DM185.74		—	-
Odey European Gth Inc		£65.37		—	-
Odey European Gth Acc		£65.61		—	-

	Selling Price	Buying Price	+ or -	Yield Gross
Baring Mutual (Ireland) Ltd				
Umbrella Fund Inc	$12.81	13.30	—	0.00
Pacific Emerging 94 A	$70.21		—	0.00
Pacific Emerging 94 B	$69.08		—	0.00
Latin America	$8.78		-0.08	0.00
Taiwan Fund NAV	$13.62		—	0.00
Berkshire KITC Growth Fund Plc				
NAV	$5.62		—	-
Berkshire Korea Fund Plc				
NAV	$1.59			-

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

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Abtrust Fund Mngrs Luxembourg SA (u)

4 Boulevard Royal L 2449 Luxembourg 00 352 227901

Abtrust Atlas Fund

	Init Charge	Selling Price	Buying Price	+ or -	Yield Gr's
Global Cap Portfolio		$3.848		-0.016	-
United States Portfolio		$6.8454d		+0.031	-
Conti Europe Portfolio	0	DM7.733		-0.048	-
Japan Portfolio		¥0.547		-0.007	-
Pacific Portfolio		$6.337		-0.060	-
Gold Portfolio		$5.501		-0.092	-
Uk Growth of Income		£2.217xd		-0.012	3.61
Dollar Portfolio		$1.847xd		—	7.03
Sterling Portfolio		£1.035xd		—	6.30

Aetna Master Fund (u) (x)

21 avenue de la Liberte, L-1931, Lux 00 352 2954 941

	Init Charge	Selling Price	Buying Price	+ or -	Yield Gr's
Australian Nat NAV		A$17.06		+0.11	-
Austrian Nat NAV		Sch88.80		-0.06	-
Belgo/Lux NAV		BFr869.62		-5.23	-
Dutch Nat NAV		DN46.74		-0.44	-
French Nat NAV		FFr147.89		-0.71	-
German Nat NAV		DM20.86		-0.31	-
Hongkong Nat NAV		HK$125.80		+0.16	-
Italian Nat NAV		L13080		-41	-
Japanese Nat NAV		Y7144		+7	-
Spanish Nat NAV		Pta1511		+2	-
UK Nat NAV		£11.04		-0.04	-
United States Dlr Res		$71.14		—	-

Prices quoted are "A" shares

American Phoenix Investment Portfolios (u)

13 rue Goethe, L-1637 Luxembourg 00 352 404646211

	Init Charge	Selling Price	Buying Price	+ or -	Yield Gr's
European Multinational Pfolio		Ecu21.63		+0.17	-
European Multinational Pfolio		$24.42		+0.09	-
European Multinational Pfolio		£15.01		+0.01	-
European Multinational Pfolio		L41958		+347	-
European Multinational Pfolio		DM42.31		+0.38	-
Global Multinational Pfolio		Ecu19.83		+0.2	-
Global Multinational Pfolio		$22.16		+0.12	-
Global Multinational Pfolio		£13.82		+0.04	-
Global Multinational Pfolio		L37728		+393	-
Global Multinational Pfolio		DM38.40		+0.42	-
US Growth Companies		$14.34		+0.03	-
US Growth Companies		¥08.82		—	-
US Growth Companies		L24414		+161	-
US Growth Companies		DM24.85		+0.2	-
US Real Estate Securities		$14.37		-0.3	-
US Real Estate Securities		¥08.83		-0.15	-
US Real Estate Securities		L24462		-213	-
US Real Estate Securities		DM24.90		-0.2	-

Fleming Group - Contd.

	Init Charge	Selling Price	Buying Price	+ or -	Yield Gr's
FFF European		DM49.78	49.31	+0.54	-
FFF European Smllr Cos F		DM26.38	27.89	+0.12	-
FFF Global Conv F		$17.57	18.58	-0.04	-
FFF India H		$9.70	10.28	+0.06	-
FFF Intl Bond F		$13.29	14.06	—	-
FFF Intl Equity F		DM79.82	83.59	+0.73	-
FFF Japanese		$13.64	14.43	+0.11	-
FFF Japanese Smllr Cos F		$5.22	5.52	-0.04	-
FFF Latin American		$13.34	14.11	-0.08	-
FFF Pacific		$21.19	22.42	-0.01	-
FFF Sterling Bond		£1.069	1.129	+0.003	7.50
FFF UK Enterprise		£5.51	5.83	+0.03	-
FFF US Discovery		$40.81	42.86	-0.30	-

Fleming Flagship Series B (Daily Dealing)

	Init Charge	Selling Price	Buying Price	+ or -	Yield Gr's
DM Class F		DM12.451		+0.001	2.64
FFr Class F		FFr64.318		+0.005	2.78
ITL Class F		L22204		+4.000	6.77
£ Class F		£5.242		+0.001	5.63
US$ Class F		$12.085		+0.002	5.16

Fonds Fund Share

International Equity F... 5 CE $M.011 18.8844 — -

Foreign & Colonial Emerging Markets Ltd (u)

Exchange Ho, Primrose St, Ldn, EC2A 2NY 0171-628 1234

F&C Emerging Markets

	Init Charge	Selling Price	Buying Price	+ or -	Yield Gr's
Argentinian Inv Co F		$22.80		-0.10	-
Brazilian Inv Co SICAV F		$50.75		-0.56	-
East Europe Inv Co SICAV F		$10.59		-0.11	-
Latin Amer Inv Co SICAV F		$11.90		-0.08	-
Mexican Inv Co SICAV F		$24.36		-0.06	-

Foreign & Colonial Portfolios Fd Sicav(u)

35 Boulevard Prince Henri, L-1724 Lux 00 352 2290 211

	Init Charge	Selling Price	Buying Price	+ or -	Yield Gr's
Asia Smlr Cos Eq F		$38.79		-0.13	-
Japanese Smlr Cos Eq F		Y780.00		-2.00	-
European Smlr Cos Eq F		Ecu17.37		-0.04	-
Emerging Asian Eq F		$22.17		+0.10	-
Sterling Bond F		£16.02		—	-
Sterling Distribution F		£9.05		-0.04	-

Frontrunner I (u)

572 rue de Neudorf, Luxembourg 00 352 43987350

	Init Charge	Selling Price	Buying Price	+ or -	Yield Gr's
European Equities		Ecu155.85		—	-
Global Bonds		DKr170.21		—	-
Global Bonds		DM149.22		—	-
Sterling Fund		£188.54		—	-
Danish Bonds		DKr173.91		—	-
Swedish Bonds	3	SKr122.91		—	-

LUXEMBOURG (REGULATED)(**)

OFFSHORE INSURANCES

FT MANAGED FUNDS SERVICE

Offshore Insurances and Other Funds

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

	Selling Price	Buying Price	+ or -	Yield Gross
Old Mutual International - Contd.				
Sterling Managed Funds				
£ O/S Global Port	£1.364	1.487	—	–
£ YRA Worldwide	£1.281	1.377	—	–
$ YRA Dlr Worldwide	$1.484	1.595	—	–
Young & Co Blocd P'folio	$1.289	1.384	—	–
Pioneer Mid Term Agg	$1.161	1.249	—	–
Pioneer Long Term Cons	$1.151	1.238	—	–
Pioneer Long Term Agg	$0.962	1.036	—	–
HPP Selective Mgd	$1.211	1.302	—	–
Old Mutual International (Ireland) Ltd				
PO Box 121, St Peter Port, Guernsey 01481 726726				
Emerging Markets Bond	$1.369	1.472	—	–
US$ Emerging Stockmarket	$0.937	1.008	—	–
US$ European Stockmarket	$1.283	1.380	—	–
DEM European Stockmarket	DM1.621	1.743	—	–
US$ Managed Currency	$0.930	1.000	—	–
DEM Managed Currency	DM0.930	1.000	—	–
Sterling Managed Currency	£0.929	0.999	—	–
US$ Intl Fixed Interest	$1.050	1.129	—	–
DEM Intl Fixed Interest	DM1.081	1.162	—	–
Sterling Intl Fixed Interest	£1.042	1.120	—	–
US$ Managed	$1.117	1.201	—	–
DEM Managed	DM1.218	1.309	—	–
Sterling Managed	£0.951	1.023	—	–
US$ Intl Stockmarket	$1.127	1.211	—	–
DEM Intl Stockmarket	DM1.190	1.280	—	–
Sterling Intl Stockmarket	£1.023	1.100	—	–
US$ Special Market	$0.851	0.915	—	–
DEM Special Market	DM0.960	1.032	—	–
Sterling Special Market	£0.857	0.920	—	–
Fidelity Managed International	£0.973	1.046	—	–
Perpetual UK Growth	£0.973	1.046	—	–

	Selling Price	Buying Price	+ or -	Yield Gross
AXA Asset Management				
AXA Valeurs	FFr192.517		—	–
AXA Europe Actions Cap.	FFr259.676		—	–
AXA Europe Actions Dist.	FFr254.691		—	–
AXA NPI Cap.	FFr163.405		—	–
AXA NPI Dist.	FFr150.598		—	–
Ability Fund Limited				
Fixed Income USD Class			—	–
Fixed Income DM Class			—	–
USA Equity USD Class			—	–
Acciones y Valores de Mexico SA de CV				
Accival Apr 14	Pesos63.34		—	–
Africa Emerging Markets Fund				
NAV Mar 27	$15.5888		—	–
Agribusiness Fund Management Co				
ABC Bond	$10.00		—	–
Climat	$1.71		—	–
Alliance Capital				
ACM Research Class I (DEC)	$1066.61		—	–
ACM Credit Arbitrage (DEC)	$7140.44		65	–
Allied Dunbar International Fund Mngrs (1600)F				
ADI Emerging Asia	$0.6853	0.7325	+0.013	0
Alpha Capital Management Ltd				
Alpha Growth Fund and Unit Trust				
Class A	$100.09	103.19	—	–
Class B	$97.50	100.61	—	–
Alpha Fund Management Ltd				
Alpha Europe Feb 28	Ecu290.37		—	–
Alpha Futures Feb 28	$258.52		—	–
Alpha Global Feb 28	$1112.39		—	–

OTHER OFFSHORE FUNDS

● MANAGED FUNDS NOTES

LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

BANKS, RETAIL

BREWERIES, PUBS & REST

BUILDING & CONSTRUCTION

BUILDING MATS. & MERCHANTS

CHEMICALS

CHEMICALS - Cont.

DISTRIBUTORS

DIVERSIFIED INDUSTRIALS

ELECTRICITY

ELECTRONIC & ELECTRICAL EQPT

ENGINEERING

ENGINEERING - Cont.

ENGINEERING - Cont.

ENGINEERING, VEHICLES

EXTRACTIVE INDUSTRIES

EXTRACTIVE INDUSTRIES - Cont.

FOOD PRODUCERS

GAS DISTRIBUTION

HEALTH CARE

HOUSEHOLD GOODS

INSURANCE

INSURANCE - Cont.

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

INV TRUSTS SPLIT CAPITAL

LONDON SHARE SERVICE

INV TRUSTS SPLIT CAPITAL - Cont.

[illegible]

OTHER INVESTMENT TRUSTS

[illegible]

INVESTMENT COMPANIES

[illegible]

LEISURE & HOTELS

[illegible]

LIFE ASSURANCE

[illegible]

MEDIA

[illegible]

MEDIA - Cont.

[illegible]

OIL EXPLORATION & PRODUCTION

[illegible]

OIL, INTEGRATED

[illegible]

OTHER FINANCIAL

[illegible]

PAPER, PACKAGING & PRINTING

[illegible]

PHARMACEUTICALS

[illegible]

PROPERTY

[illegible]

PROPERTY - Cont.

[illegible]

RETAILERS, FOOD

[illegible]

RETAILERS, GENERAL

[illegible]

RETAILERS, GENERAL - Cont.

[illegible]

SUPPORT SERVICES

[illegible]

SUPPORT SERVICES - Cont.

[illegible]

TELECOMMUNICATIONS

[illegible]

TEXTILES & APPAREL

[illegible]

TEXTILES & APPAREL - Cont.

[illegible]

TOBACCO

[illegible]

TRANSPORT

[illegible]

WATER

[illegible]

AIM

[illegible]

AIM - Cont.

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

SOUTH AFRICANS

	Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
Anglo Am Ind R		£24½	—	*£31½	£20¾	1,889	3.1	ϕ
Barlow	£	685xd	+5	799	554	1,263	2.2	13.9
Gold Flds Prop R	†	134½	-½	177½	120	13.8	8.7	10.0
SA Brews		£18⅛	-⅛	£24⅛	£13⅛	5,438	1.9	ϕ
Standard Bank		£25⅛	+½	£31⅛	£21	3,063	1.7	22.7
Tiger Oats		1058		1150	770	1,381	1.4	20.8
Tongaat-Hulett		787½	-1¼	1125	578¼	717.1	2.4	ϕ

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service are delivered by Extel, part of Financial Times Information.

Company classifications are based on those used for the FTSE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid-prices over a rolling 52 week period.

Where stocks are denominated in currencies other than sterling, this is indicated after the name. Prices shown for some of these foreign securities are converted into sterling from latest available local Stock Exchange prices.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Earnings used in calculations are based on IIMR 'Headline Earnings' formula.

Price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures.

Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- * Highs and lows marked thus have been adjusted to allow for capital changes
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ϕ Figures or report awaited
- Ψ Rule 2.1(a)(iv) Overseas incorporated companies listed on an approved exchange.
- ♣ Free annual/interim report available, see details below.
- †† Rule 4.2(a) Irish incorporated non-listed companies.
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings.
z Dividend yield includes a special payment
F Yield based on prospectus or other official estimates for 1996-97
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1997.
K Yield based on prospectus or other official estimates for 1996
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1997-98.
N Dividend is paid in whole or part as a
FID (Foreign Income Dividend)
R Forecast annualised yield, p/e based on prospectus or other official estimates.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xf ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1425 a year for each security shown, subject to the Editor's discretion

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LONDON STOCK EXCHANGE

UK stocks jump after good US inflation news

MARKET REPORT

By Steve Thompson, UK Stock Market Editor

The stock market's ability to surprise was very much in evidence yesterday as a much weaker than expected set of US inflation numbers for March saw global bond markets race higher, taking equities, including London shares, up with them.

The 0.1 per cent rise in the consumer price index in March, with the core figure nudging up 0.2 per cent, produced a buying spree across US markets which had been bracing themselves for news similar to the strong producer price details released last Friday.

Those figures had induced a 148-point slide in the Dow Jones Industrial Average, which in turn hit global markets.

Dealers in London, taken aback by the inflation numbers, as compared with the US producer price details, instantly hoisted their dealing prices as bonds shot up. UK gilts were up well over a full point at the long end of the market.

The FTSE 100 index, which had initially climbed almost 25 points, subsequently gave back much of its early rise, with marketmakers unconvinced by the US market's overnight performance. But they needed no convincing when the inflation figures were published.

Taking the view that such benign numbers indicated the Federal Reserve might not have to increase US interest rates after its next meeting, scheduled for May 20, they lifted prices accordingly.

The FTSE 100 finished the day up 35.1 at 4,286.8, regaining all and more of the ground lost over the previous two sessions.

The FTSE 250 was slightly left behind by the speed of the leaders' upturn, but still managed to record a 15.9 advance at 4,521.7. The SmallCap index put on 3.9 at 2,293.1.

London was also helped along by the latest news of high street sales, detailed in the latest monthly survey by the British Retail Consortium, which said price increases are being held down and that prices rose 3.7 per cent in the year to March, compared with 4.3 per cent in the year to February.

That news, along with the subdued producer price data released on Monday, gave heart to the gilts market even before the upsurge in US bonds.

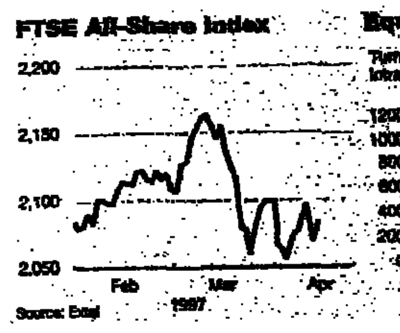
Substantial gains in share prices did tempt the big institutions back into the market yesterday after a long period of inactivity.

Turnover at the 6pm cut-off point reached 787.9m shares, well up on the most recent levels and a welcome sight for marketmakers and dealers who had expected activity to remain in the doldrums until the election is out of the way.

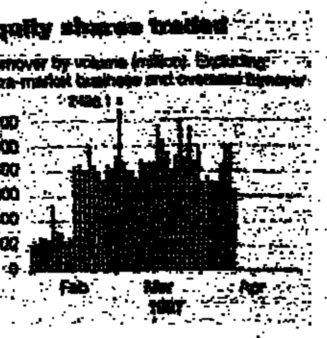
One worry for the market – a concern which went mostly unnoticed in the general euphoria that surrounded the US inflation news – was the latest sharp rise in sterling.

The Bank of England's sterling index against a basket of leading currencies moved above the 100 mark for the first time since Black Wednesday, when sterling was withdrawn from the European exchange rate mechanism.

FTSE All-Share Index



Equity shares traded



Source: Datastream

Indices and ratios

FTSE 100	4286.8	+35.1	FT 30	2833.1	+19.8
FTSE 250	4521.7	+15.9	FTSE Non-Fins p/e	18.17	18.06
FTSE 350	2112.6	+15.2	FTSE 100 Fut Jun	4315.0	+42.0
FTSE All-Share	2084.16	+14.16	10 yr Gilt yield	7.57	7.69
FTSE All-Share yield	3.67	3.69	Long gilt/equity yld ratio	2.16	2.08

Best performing sectors

1 Transport ....+1.6
2 Banks: Retail ....+1.5
3 Diversified Inds ....+1.1
4 Building & Const ....+1.0
5 Gas Distribution ....+1.0

Worst performing sectors

1 Engineering: Vehicles ....–0.4
2 Breweries: Pubs & Rest ....–0.2
3 Textiles & Apparel ....–0.1
4 Paper: Pckg & Print ....–0.1
5 Electronic & Elec ....+0.1

CU bucks market trend

Commercial Union failed to take part in the market rally as some analysts began to fret about the state of its asset base. The insurer ignored the overall market gains, despite its exposure to US and UK bond and equity markets.

And investors took scant comfort from a very positive annual meeting at which CU said it had seen "another strong increase" in new life assurance business and added that relatively mild winter weather in the northern hemisphere would help it report a "good increase" in first-quarter profit to March 31.

Instead they focused on the dramatic rise in sterling, which has broken through 100 on the index weighted against a basket of currencies, its highest level since the UK left the exchange rate mechanism in September 1992.

Most of that rise reflects the big gains against European currencies rather than the dollar, and more than 55 per cent of CU's net assets are in continental currencies.

While currency shifts will not have a huge impact on CU's earnings or dividend, Net Asset Value tends to be used as a key tool for judging the relative cheapness or expense of the share price.

And Mr David Hudson of Credit Lyonnais Laing said the NAV could now be below the 545p level announced at the end of 1996, down some 40p from its high this year. CU shares ended the day 2½ off at 648p.

LucasVarity led the automotive components sector lower as news of the company's share buy-back failed to offset the dividend cut and high debt. Several analysts were moving their current year profit forecasts from £365m to £340m and shifting hold or buy recommendations to sell.

Mr Mustapha Omar of Collins Stewart commented: "The company is not committed to a share buy-back every year. It is merely a bit of a sweetener this year."

The shares, which had been up before the statement, turned round to end 2½ lower at 198p.

Zeneca fell 36½ to £17.97¼p as hopes of a bid from Swiss rival Roche Holding faded. Roche, frequently touted as eyeing Zeneca, reported its first-quarter sales results earlier on Tuesday, but made no mention of any bid intentions.

There has been enduring speculation that the Swiss pharmaceuticals group might use a cash hoard estimated at about SFr15bn to make a big acquisition or partial buy-back of its participation certificates.

Chiroscience were boosted by news of progress on the group's long-acting local anaesthetic, Levobupivacaine. The shares rose 14½ to 380½p after the company said late-stage trials of the drug in childbirth showed that an almost equal amount was required to control pain as the generic version, bupivacaine.

Shield Diagnostics bounced 12¼ to 620p on reports that UBS, the company's broker, is holding institutional briefings with the drug company this week.

Lloyds TSB improved 7 to 513½p as the chairman said the quarter of 1997 had started well with profits ahead of the corresponding quarter last year.

Mr Brian Pitman, chairman, added that said the group was riding on the UK's favourable economy which had triggered a demand for its products. "Volumes have increased, the net interest margin has widened slightly and costs remain under tight control," he said.

Abbey National and Bank of Scotland gained after an upgrade by Lehman Brothers. Abbey rose 5 to 790p and BoS 6½ to 319½p.

Royal Bank of Scotland gained 11½ to 533½p in a technical bounce as the shares recovered from sudden selling pressure.

Courtaulds Textiles rose 10 to 283½p after SBC Warburg was said to have reiterated its buy recommendation. The broker believes the shares are attractive and have fair recovery potential. Courtaulds Textiles hit a 12-month low of 226p on December 18.

Bass fell 12 to 789p. Marketmakers said one broker was trying to place a large block of shares on behalf of a client and the pressure held down the underlying share price. Higher than average volume of 2.4m shares suggested the trade might have been achieved by the close.

ICI lifted 10 to 708p on the back of strength in its ADRs on Monday night. The stock fell sharply at the end of March month after HSBC James Capel and SBC Warburg lowered earnings estimates amid talk of continuing price pressures.

Conglomerate Inchcape rose 10½ to 259½p as Merrill Lynch reiterated its positive stance ahead of the publication today of a positive note.

Companies in the transport sector were among the market's star performers. Air London was up 14 to 244p. British Airways was another favoured stock, up 15½ to 665p, cheered on, according to analysts, by good traffic figures for the group earlier this week. BAA was sucked along in the airline's slipstream, up 7 to 516½p.

Other transport companies also turned in strong gains, Railtrack, for example finishing the day 20½ up, to 457p. FirstBus was up 4 to 216½p, National Express gained a penny to 520p and Stagecoach was up 4½ to 621p. There was also interest in Trafficmaster, which continued a recent successful run, up 4½ to 338p. Great Universal Stores enjoyed another strong day, still sustained by Monday's news that it had acquired a major US direct marketing company, and basking in the warmth with which some of the media greeted the move. It closed the day at 652½p, up 19, additionally helped by a recommendation from SBC Warburg.

Yesterday's publication of the monthly survey from the British Retail Consortium influenced the movement of other stocks. The BRC's view that there were signs of a slowdown in furniture, carpets and rentals knocked various stocks, including DFS – which shed 22, to 503½p – and Carpetright, down 11½ to 527½p. Others were assisted by the BRC's belief that some retail sectors – such as DIY – were doing well; thus Kingfisher was up 12 to 664½p.

Cadbury Schweppes was one of the day's more heavily-traded FTSE 100 stocks. It initially fell 6½ to 526½p, before recovering to 527p, a setback which some analysts attributed to a set of good results from Coca-Cola, which showed a 38 per cent increase in first-quarter profits. Market share for Cadbury Schweppes' Dr Pepper and Seven Up soft drinks products could be dented by Coke's continuing strong growth.

FT 30 INDEX

	Apr 15	Apr 14	Apr 11	Apr 10	Apr 9	Yr ago	*High	*Low
FT 30	2833.1	2813.3	2820.0	2853.4	2848.0	2845.3	2931.4	2668.8
Ord. div. yield	3.93	3.96	3.94	3.90	3.90	3.97	4.22	3.76
P/E ratio net	16.90	16.76	16.83	17.03	17.00	16.37	18.09	15.80
P/E ratio nil	16.73	16.59	16.66	16.86	16.83	16.13	17.87	15.71

FT 30 since compilation: high 2931.4 10/03/97; low 49.4 26/06/40. Base Date: 1.7/35.

FT 30 hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2829.9	2823.6	2820.9	2820.9	2822.0	2823.4	2827.4	2834.0	2834.8	2835.6	2819.3

	Apr 15	Apr 14	Apr 11	Apr 10	Apr 9	Yr ago
SEAQ bargains	40,800	41,498	44,222	39,483	40,724	36,890
Equity turnover (£m)†	–	1932.3	1847.2	1797.3	2074.5	1956.5
Equity bargains†	–	37,161	39,623	37,019	41,345	42,905
Shares traded (m)†	–	678.1	644.9	646.5	957.7	762.9

†Excluding intra-market and overseas turnover but including Crest turnover.

	Apr 15	Apr 14	Apr 11	Apr 10	Apr 9	Yr ago	*High	*Low
FTSE AIM	1089.0	1088.4	1090.5	1089.3	1091.5	1014.4	1140.4	985.7

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London market data

Rises and falls*		52 Week highs and lows		LIFFE Equity options	
Total Rises	738	Total Highs	39	Total contracts	50,842
Total Falls	434	Total Lows	52	Calls	25,871
Same	1,241			Puts	24,971

Apr 15 *Data based on Equity shares listed on the London Share Service.

FUTURES AND OPTIONS

FTSE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	4296.0	4314.0	+41.0	4319.0	4275.0	13850	61126
Sep		4340.0	+41.0			0	2895

FTSE 250 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun		4530.0	+16.0			0	4833

FTSE 100 INDEX OPTION (LIFFE) (*4287) £10 per full index point

EURO STYLE FTSE 100 INDEX OPTION (LIFFE) £10 per full index point

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1997 High	Low	Stock
§100	F.P.	25.0	100	99	Aurora Inv Trust
§100	F.P.	66.0	103½	88½	†Avalon Oil
	F.P.	751.2	142½	124	Avis Europe
§	F.P.	6.02	44½	39½	†Bickerton
§500	F.P.	127.5	620	582½	Cambridge Antibody
§40	F.P.	12.0	65	55	†Charlton Athletic
	F.P.	38.0	95	95	Close Bros Pr VCT

FT GOLD MINES INDEX

Regional Indices

Africa (14)	1884.14	–1.9	1920.22	3075.95	4.73	29.88	3197.52	1884.14
Australasia (6)	1811.17	–2.2	1852.46	2714.08	2.95	19.75	2844.14	1811.17
North America (12)	1447.37	–1.3	1466.60	2077.73	0.92	56.48	2126.45	1447.37

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FTSE Actuaries Share Indices — The UK Series

Produced in conjunction with the Faculty and Institute of Actuaries

	Apr 15	Day's chge%	Apr 14	Apr 11	Apr 10	Year ago	Div. yield%	Net cover	P/E ratio	Xd adj. ytd	Total Return
FTSE 100	4286.8	+0.8	4251.7	4270.7	4313.2	3825.3	3.77	2.06	16.09	60.66	1818.66
FTSE 250	4521.7	+0.4	4505.8	4533.8	4544.3	4458.5	3.55	1.54	22.87	49.34	1873.50
FTSE 250 ex IT	4564.8	+0.3	4549.4	4576.4	4587.2	4491.3	3.62	1.57	21.97	50.65	1896.28
FTSE 350	2112.6	+0.7	2097.4	2107.5	2125.1	1925.7	3.72	1.96	17.15	28.46	1829.94
FTSE 350 Higher Yield	2047.5	+0.8	2032.2	2040.9	2054.6	1863.1	4.82	1.83	14.15	33.73	1500.84
FTSE 350 Lower Yield	2183.6	+0.7	2168.5	2180.2	2202.0	1995.8	2.60	2.20	21.86	22.78	1549.75
FTSE SmallCap	2293.12	+0.2	2289.23	2297.47	2295.82	2143.90	3.04	1.68	24.41	21.85	1934.08
FTSE SmallCap ex IT	2307.90	+0.1	2305.21	2310.47	2307.98	2130.34	3.23	1.76	22.03	23.02	1961.71
FTSE All-Share	2084.16	+0.7	2070.00	2079.82	2095.70	1903.18	3.67	1.94	17.55	27.44	1832.08

FTSE Actuaries Industry Sectors

	Apr 15	Day's chge%	Apr 14	Apr 11	Apr 10	Year ago	Div. yield%	Net cover	P/E ratio	Xd adj. ytd	Total Return
10 MINERAL EXTRACTION(20)	3987.95	+0.7	3959.77	4016.83	4039.33	3529.71	3.73	2.15	15.59	69.22	1782.78
12 Extractive Industries(5)	4064.69	+0.7	4037.04	4003.45	4048.80	4533.38	3.87	2.39	13.52	98.06	1239.78
15 Oil, Integrated(3)	4098.57	+0.7	4068.13	4131.70	4150.71	3556.26	3.98	2.11	14.95	70.72	1877.89
16 Oil Exploration & Prod(12)	3470.06	+0.4	3455.28	3477.20	3500.77	2498.02	1.67	2.19	34.29	34.64	2123.98
20 GEN INDUSTRIALS(270)	1971.71	+0.4	1963.22	1970.95	1990.00	2142.44	4.04	1.88	16.46	24.10	1118.45
21 Building & Construction(35)	1336.90	+1.0	1323.00	1327.09	1322.49	1216.66	3.21	1.90	20.51	17.58	1156.57
22 Building Matls & Merchs(31)	1855.97	+0.7	1842.67	1848.11	1873.55	1986.40	4.33	2.77	10.42	24.04	971.69
23 Chemicals(26)	2248.14	+0.3	2241.07	2262.91	2284.39	2572.89	4.67	1.58	16.89	38.84	1109.78
24 Diversified Industrials(16)	1462.64	+1.1	1446.95	1455.20	1477.25	1802.04	4.94	1.82	13.93	27.90	861.36

Hourly movements

FTSE 350 Industry baskets

TRADING VOLUME

Major Stocks Yesterday

FTSE INTERNATIONAL

Highs & Lows shown on a 52 week basis

WORLD STOCK MARKETS

EUROPE

AUSTRIA (Apr 15 / Sch)

BELGIUM/LUXEMBOURG (Apr 15 / Frs.)

CZECH REP (Apr 15 / Koruna)

DENMARK (Apr 15 / Kr)

FINLAND (Apr 15 / Mka)

FRANCE (Apr 15 / Frs.)

		+/-	High	Low	Yld	P/E
AGF	190.90	+2.90	231.40	128.20	2.5	17.7
Accor	883	+23	880	606	2.3	27.3
AirLiq	889	+18	944	759	1.6	23.7
Alcatel	673	+15	691	388	1.5	40.3
ArjPri	1,850	..	1,749	1,200	1.4	..
Axa	358.60	+1.20	383.10	262.80	2.1	21.6
BIC	846	+16	980	656	1.3	38.8
BNP	238.80	+6.80	279	171	2.3	12.8
Bncair	773xd	+38	815	487.20	1.3	..
BFaure	280	+5	301	159	1.4	16.4
Bongrn	2,192	-38	2,288	1,985	2.8	13.0
Bygues	553	+9	618	444.60	4.6	..
CEP Cm	470	..	475	353	3.2	..
CGIP	1,837	..	1,848	1,318	3.0	..
Canal+	1,136	-1	1,339	992	2.6	..

GREECE (Apr 15 / Drachma)

ITALY (Apr 15 / Lire)

NETHERLANDS (Apr 15 / Fls.)

NORWAY (Apr 15 / Kroner)

POLAND (Apr 15 / Zloty)

PORTUGAL (Apr 15 / Escudo)

SPAIN (Apr 15 / Pts.)

SWEDEN (Apr 15 / Kronor)

SWITZERLAND (Apr 15 / Frs.)

TURKEY (Apr 15 / Tk Lira)

PACIFIC

JAPAN (Apr 15 / Yen)

HONG KONG (Apr 15 / H.K.$)

INDONESIA (Apr 15 / Rupiah)

MALAYSIA (Apr 15 / MYR)

NEW ZEALAND (Apr 15 / NZ $)

SINGAPORE (Apr 15 / S$)

SOUTH KOREA (Apr 15 / Won)

TAIWAN (Apr 15 / TW $)

THAILAND (Apr 11 / Baht)

AUSTRALIA (Apr 15 / Aust$)

AFRICA

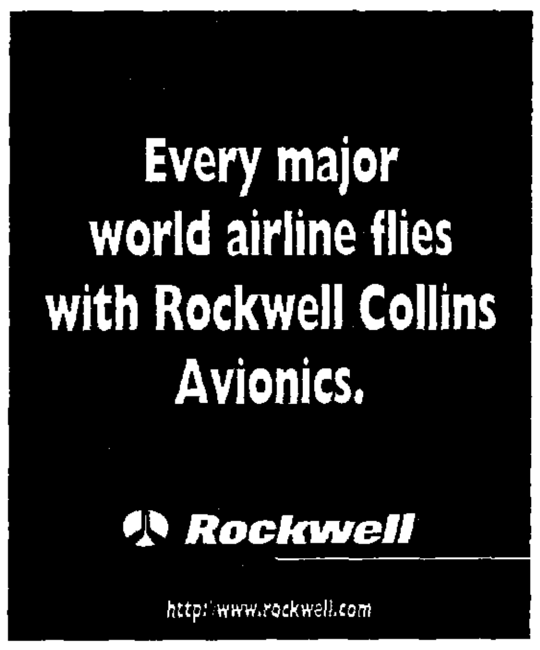
SOUTH AFRICA (Apr 15 / Rand)

NORTH AMERICA

CANADA

TORONTO (Apr 15 / Can $) 4 pm close

MONTREAL (Apr 15 / Can $) 4 pm close



INDICES

	Apr 15	Apr 14	Apr 11	1997 High		1997 Low	
Argentina							
General(29/12/77)	(u)	19559.21	19639.95	21551.32	24/2	18237.37	2/1
Australia							
All Ordinaries(1/1/80)	2381.7	2366.1	2380.5	2501.70	18/2	2352.20	1/4
All Mining(1/1/80)	880.6	879.7	889.9	987.10	24/2	878.70	14/4
Austria							
Credit Aktien(30/12/84)	392.81	395.72	396.47	416.23	11/3	374.40	9/1
Traded Index(2/1/91)	1166.77	1164.40	1163.95	1256.43	11/3	1130.22	9/1
Belgium							
BEL20(1/1/91)	2129.51	2096.34	2114.52	2220.77	11/3	1871.95	2/1
Brazil							
Bovespa(29/12/83)	(u)	9456.0	9518.0	9837.00	7/4	6955.50	2/1
Canada							
Metals Minls♦(1975)	(c)	4969.58	4945.96	5881.75	10/3	4945.96	11/4
Composite♦(1975)	(c)	5679.30	5683.60	6332.90	10/3	5679.30	14/4
Portfolio§§(4/1/83)	(c)	2860.70	2846.02	3214.10	10/3	2846.02	11/4
Chile							
IPA Gen♥(31/12/80)	(c)	5340.62	5376.99	5443.52	25/2	4912.42	2/1
Denmark							
CopenhagenSE(3/1/83)	529.40	529.86	537.47	555.49	11/3	470.14	2/1
Finland							
HEX General(28/12/90)	2794.80	2766.42	2811.83	3008.36	11/3	2483.28	2/1
France							
SBF 250(31/12/90)	1763.84	1734.31	1756.27	1815.36	10/3	1593.19	2/1
CAC 40(31/12/87)	2620.63	2566.13	2574.56	2700.21	10/3	2268.97	2/1
Germany							
FAZ Aktien(31/12/58)	1153.43	1138.40	1160.03	1182.09	11/3	986.21	2/1
Commerzbank(1/12/53)	3347.80	3317.7	3393.1	3472.20	27/3	2875.90	2/1
DAX(30/12/87)	3327.68	3279.90	3340.05	3480.59	11/3	2848.77	2/1
Greece							
Athens SE(31/12/80)	1394.80	1394.98	1421.03	1453.60	26/2	954.54	2/1
Hong Kong							
Hang Seng(31/7/64)	12342.02	12295.97	12516.60	13888.24	20/1	12055.17	3/4
India							
BSE Sens.‡(1979)	3647.44	(c)	3533.73	3944.01	4/3	3225.24	2/1
Indonesia							
Jakarta Comp.(10/8/82)	631.27	635.16	637.14	712.60	26/2	631.27	15/4
Ireland							
ISEQ Overall(4/1/88)	2996.98	2969.63	2995.36	3059.63	11/3	2725.07	2/1
Italy							
Banca Comm Ital(1972)	769.02	756.15	756.62	787.71	10/2	642.55	2/1
MIB General(2/1/97)	1156.0	1137.0	1138.0	1197.00	10/2	991.00	2/1
Japan							
Nikkei 225(16/5/49)	17933.59	17692.47	17846.98	19446.80	6/1	17303.65	10/1
Nikkei 300(1/10/82)	260.84	257.59	259.67	282.45	6/1	251.04	27/1
Topix(4/1/68)	1342.40	1327.51	1336.53	1490.86	8/1	1320.82	10/4
2nd Section(4/1/68)	1516.50	1521.35	1527.31	1829.21	8/1	1516.50	15/4
Malaysia							
KLSE Comp.(4/4/86)	1086.67	1101.09	1138.36	1271.57	25/2	1086.67	15/4
Mexico							
IPC(Nov 1978)	(c)	3786.65	3764.46	3938.88	25/2	3359.46	2/1
Netherland							
CBS TtlRtnGen(End 83)	850.5	831.1	840.4	885.70	11/3	730.80	2/1
CBS All Shr(End 83)	498.3	486.9	492.4	579.80	11/3	429.00	2/1
New Zealand							
Cap. 40(1/7/86)	2243.21	2227.10	2232.98	2440.21	20/1	2207.48	1/4
Norway							
Oslo SE(Ind)(2/1/83)	1818.77	1782.47	1793.64	1941.49	20/2	1639.03	2/1
Philippines							
Manila Comp(2/1/85)	2949.46	2932.84	2976.78	3447.60	3/2	2908.30	8/4
Portugal							
BVL 30(4/1/93)	2601.45	2571.24	2575.73	2643.19	11/3	2165.57	2/1
Singapore							
SES All-S'pore(2/4/75)	501.07	501.91	509.72	573.03	17/2	501.07	15/4
South Africa							
JSE Gold(28/9/78)	1270.7♥	1283.6	1306.8	1599.10	27/2	1270.70	15/4
JSE Ind.(28/9/78)	8237.5♥	8166.8	8214.0	8425.52	25/2	7859.50	2/1
South Korea							
KoreaCompEx~(4/1/80)	701.39	704.20	693.94	721.09	14/2	611.05	7/1
Spain							
Madrid SE(30/12/85)	487.07	476.44†	475.46	486.80	10/3	434.54	2/1
Sweden							
AffarsvarldsGen(1/2/37)	2704.4	2642.5	2668.2	2832.40	10/3	2378.50	2/1
Switzerland							
Swiss Bk Ind(31/12/58)	2204.93	2191.26	2204.61	2224.60	10/3	1817.85	13/1
SBC General(1/4/87)	1544.28	1529.04	1539.91	1557.81	11/3	1318.14	6/1
Taiwan							
WeightedPr.~(30/6/66)	8616.11	8639.37	8583.08	8956.82	9/4	6844.75	6/1
Thailand							
Bangkok SET(30/4/75)	(c)	(c)	713.62	858.97	22/1	576.86	6/3
Turkey							
IMKB Nat 100(1986)	1535.00	1502.00	1505.00	1654.80	21/3	995.00	2/1
WORLD							
MS Capital Intl(1/1/70)	803.1*	794.5	794.9	864.40	25/2	780.50	14/4
CROSS-BORDER							
Eurotrack 100(26/10/90)	2172.08	2145.23	2170.87	2231.93	11/3	1893.80	2/1
Euro Top-100(26/6/90)	1860.35	1825.82	1838.74	1894.47	11/3	1582.99	2/1
HSBC JC Dragn(31/12/88)	(c)	385.08	381.77	429.46	30/1	385.08	14/4
ING Bngs Emrg(7/1/92)	172.43	172.83	175.07	181.33	26/2	158.74	3/1

INDEX FUTURES

	Open	Sett Price	Change	High	Low	Est. vol.	Open Int.
CAC-40 (200 x Index)							
Apr	2593.0	2626.0	+63.0	2628.0	2572.0	15,711	22,601
May	2575.5	2612.0	+63.5	2613.0	2584.5	939	4,157
DAX							
Jun	3354.5	3373.0	+65.0	3382.0	3332.5	27,090	-
Sep	3383.0	3398.0	+65.5	3401.5	3380.5	57	-
OMX							
Apr	2062.00	2101.00	+60.00	2101.00	2055.50	8,554	21,005
May	2053.00	2083.50	+58.50	2083.50	2047.00	3,882	1,454
SOFFEX							
Apr	4612.0	4654.0	+84.0	4664.9	4600.8	10,516	24,810
May	4594.0	4630.0	+83.0	4640.0	4580.0	4,883	4,457

~ Sat Apr 12: Taiwan Wghtd Price 8487.89; Korea Comp Ex [illegible]. Base values of all indices are 100 except Australia All Ord & Mng- 500; Austria Trad, BEL20, HEX Gen., MIB Gen., BVL30, SBF250, CAC40, Euro Top-100, ISEO Overall, Toronto Comp./Met & Min and DAX - all 1,000; JSE Gold - 255.7; JSE 20 Ind - 264.3; IMKB Nat 100 - 1; NYSE All Comm - 50; Stand & P - 10 and Amex Comp - 550. §§ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. ‡ India BSE Sens Sat Apr 12 3569.72 ‡ IBIS/DAX after-hours: Apr 15 - 3369.26 +71.74. † Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♦ The DJ Ind. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

US INDICES

Dow Jones	Apr 14	Apr 11	Apr 10	1997 High	1997 Low	Since compilation High	Since compilation Low
Industrials	6451.90	6391.69	6540.05	7085.16 (11/3)	6391.69 (11/4)	7085.16 (11/3/97)	41.22 (8/7/32)
Home Bonds	101.09	101.33	101.57	103.63 (19/2)	101.09 (14/4)	109.77 (18/10/93)	54.99 (1/10/81)
Transport	2405.01	2385.13	2428.90	2469.59 (18/3)	2222.07 (2/1)	2469.59 (18/3/97)	13.23 (8/7/32)
Utilities	210.87	211.99	215.83	240.86 (22/1)	210.87 (14/4)	256.46 (31/8/93)	16.53 (8/7/32)

DJ Ind. Day's high 6487.22 (6529.48) Low 6315.84 (6356.42) (Theoretical♦)
Day's high 6455.11 (6537.70) Low 6356.78 (6387.00) (Actual♦)

Standard and Poors	Apr 14	Apr 11	Apr 10	1997 High	1997 Low	Since compilation High	Since compilation Low
Composite‡	743.73	737.65	758.33	816.29 (18/2)	737.01 (2/1)	816.29 (18/2/97)	4.40 (1/6/32)
Industrials♥	873.10	865.42	888.92	950.96 (18/2)	865.42 (11/4)	950.96 (18/2/97)	3.52 (30/6/32)
Financial	83.90	83.20	86.15	97.25 (10/3)	80.75 (2/1)	97.25 (10/3/97)	7.13 (4/9/74)
NYSE Comp.	391.49	388.47	399.36	427.70 (10/3)	388.47 (11/4)	427.70 (10/3/97)	4.64 (25/4/42)
Amex Comp.	552.97	556.13	563.18	603.63 (10/3)	552.97 (14/4)	617.61 (22/5/96)	524.20 (16/7/96)
NASDAQ Cmp	1218.41	1206.90	1235.75	1388.66 (22/1)	1201.00 (2/4)	1388.66 (22/1/97)	54.87 (3/10/74)

RATIOS

	Apr 11	Apr 4	Mar 21	Year ago
Dow Jones Ind. Div. Yield	1.94	1.97	1.89	2.17
	Apr 9	Apr 2	Mar 26	Year ago
S & P Ind. Div. yield	1.83	1.86	1.77	1.92
S & P Ind. P/E ratio	21.72	21.45	22.54	20.83

NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Close price	Change on day
Ph Morris	5,776,600	38⅛	-⅛
USA Waste	5,421,500	31⅞	-3⅞
Coca Cola	4,537,400	55⅝	+1⅝
Seagate	4,196,300	46½	+1¼
Hew-Packard	4,045,100	49½	-⅛
Boston Sci	3,822,800	48¾	+¾
Micron Tech	3,809,100	39¼	+⅛
Chrysler	3,718,500	28¾	-⅛
Wheelabrtor	3,635,400	13⅛	-⅛
Chesapeake	3,064,600	15⅝	-2⅝

TRADING ACTIVITY

● Volume (million)

	Apr 14	Apr 11	Apr 10
New York SE	397.819	443.473	421.796
Amex	16.498	18.025	18.989
NASDAQ	483.698	545.685	532.070
NYSE			
Issues Traded	3,327	3,303	3,286
Rises	1,047	382	1,098
Falls	1,433	2,342	1,313
Unchanged	847	579	875
New Highs	20	12	38
New Lows	129	107	54

	Open	Latest	Change	High	Low	Est. vol.	Open int.
S&P 500							
Jun	746.90	753.90	+6.60	756.30	745.20	87,579	161,644
Sep	-	754.95	-	-	-	953	5,561

	Open	Sett price	Change	High	Low	Est. vol.	Open Int.
Nikkei 225							
Jun	17820.0	17960.0	+320.0	18000.0	17770.0	23,307	225,779
Sep	17770.0	17900.0	+200.0	17900.0	17770.0	15	2,748

Open interest figures for previous day.

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TOKYO - MOST ACTIVE STOCKS: Tuesday, April 15, 1997

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Nippon Credit Bk	14.0m	251	-7	Sumitomo Bank	4.3m	1270	+50
Nomura Secs	6.8m	1120	-10	Mitsubishi Hvy	4.2m	799	-3
Nippon Steel Cp	6.5m	359		Sakura Bank	4.1m	620	+19
Fujitsu	5.8m	1290	+10	NKK Corp	4.0m	257	-3
Fuji Bank	4.4m	1300	+70	Sumitomo Mtl Ind	4.0m	295	+1

4 pm close April 15

NEW YORK STOCK EXCHANGE PRICES

- A -

1997 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
30½	24¼	AAR	0.48	1.6	23	641	u30½	29⅞	30½	+⅞
43	33⅛	AMP	1.04	3.0	28	5546	34⅞	34½	34⅞	+⅝
90⅞	78¾	AMR			6	7630	82⅝	81⅞	82⅝	+1⅝
37⅝	33¼	ASA	1.20	3.6	22	344	33⅝	d33⅛	33⅛	-⅜
60½	49¾	AbbtL x	1.08	1.9	22	8848	56⅝	55½	56½	+1¼
17½	14⅛	AbitibI Pr	0.40	2.8	7	48	14½	14⅜	14⅜	
19¾	17⅜	ABM Ind x	0.40	2.2	17	152	18½	17⅞	18½	+½
23	18	Acptocsin			9	297	18⅜	d17¾	18⅛	-¼
65⅜	56⅛	ACE Ltd x	0.72	1.2	10	2570	61⅞	58½	61¼	+3
10⅜	10	ACM Gvt In x	0.90	8.9	11	341	10⅛	d10	10⅛	+⅛
7⅝	7	ACM GvOpp x	0.63	8.5		484	7⅜	7¼	7⅜	+⅛
9⅞	9¼	ACM Man x	0.90	9.4		180	9⅝	9½	9⅝	+⅛
10⅜	8¼	Acme Elect				58	8½	8⅜	8½	
20	14⅝	Acme Mills			64	99	15	14⅞	14⅞	-⅛
33	27¼	Acordia	0.80	2.5	15	17	31¾	31⅝	31⅝	-⅛
29¼	21⅛	Acuson				1616	22¾	21¾	22⅝	+1⅛
21	19⅜	Adams Exp	0.55	2.7	1	168	20⅛	20	20⅛	+⅛
48½	24⅞	AdvMic				14936	39½	37½	37½	-½
15	10⅞	Advest Grp x	0.03	0.2	9	128	13⅛	12⅝	12⅝	-¼
14⅝	11⅜	Advo Inc			29	183	12⅝	12⅛	12⅝	+⅝
73⅝	61¼	Aegon	1.45	2.1	19	630	69⅜	68⅞	69¼	+3⅛
5⅛	3⅛	Aeroflex				44	3⅝	3½	3½	+⅛
67⅝	48	AES Corp				z0	59½	59½	59½	+¾
93⅜	73	Aetna	0.80	0.9	65	5948	88⅝	86¼	88½	+2⅜
43½	37½	Aflac	0.40	1.0	14	1302	40¼	39⅞	40	+⅛
21⅝	18⅜	AGL Res	1.08	5.7	13	327	19	18¾	19	-⅛
45¼	32	Ahmanson	0.88	2.4	36	10163	37	35⅞	37	+1¼
77⅝	66⅜	AirPrC x	1.10	1.6	18	1202	69⅞	68	69⅞	+1⅞
33⅛	22¾	Airbne Frt	0.30	0.9	25	1563	32¾	32	32⅝	+⅝
21½	14¼	Airgas			23	9526	15½	14½	15⅜	+1

- B -

- C -

- D -

- E -

- F -

- G -

- H -

- I -

- J -

- K -

- L -

- M -

- N -

- O -

- P - Q -

- R -

- S -

Continued on next page

4 pm close April 15

NYSE PRICES

Continued from previous page

13¼	9⅛	ZenthEl				1210	12¼	11¾	11⅞
27⅞	25½	Zenith Nat	1.00	3.9	12	243	26	25⅞	25⅞
7½	7⅛	Zenix Inc	0.73	10.3		61	7¼	d7⅛	7⅛ -⅛
23¾	17¾	Zero	0.12	0.6	15	361	19⅜	18⅞	19⅜ +½
11½	10¾	ZweigFd x	1.16	10.4		395	11⅛	11	11⅛ +⅛
8⅝	8	Zweig Tot x	0.84	10.0		412	8½	8⅜	8⅜ -⅛

Price data supplied by Extel, part of FT Information.

Yearly highs and lows for NYSE reflect the period from Jan 1 1997. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

d-new yearly low. P/E price-earnings ratio. sls-sales. u-new yearly high. x-ex-dividend or ex-rights. yld-yield. z-sales in full.

‡ Dealings suspended.

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AMEX PRICES

4 pm close April 15

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
NY TimA	0.60	22	4744	42¾	41⅜	42⅝	+1⅛
NMR		7	192	13½	13¼	13¼	-¼
Pegasus G		73	2657	7½	7⅜	7⅜	-⅟₁₆
Pertol		3	28	6¾	6⅝	6⅔	+⅟₁₆
PMC x	1.24	11	125	13⅜	13¼	13¼	
RegalBrad			z0	26⅛	d26⅛	26⅛	
SJW Corp	2.28	22	14	51¾	51	51	-½
Tab Prods	0.20	13	77	9½	9½	9¾	
Tel&Data	0.42	37	z0	36⅜	36⅜	36⅜	-1⅜
Thermedics x		23	224	16¼	15⅞	16¼	+⅜
Thermolns		20	1215	29⅛	28½	28¾	+¼
TotlPNA x	0.30	164	491	u11½	11¼	11½	+¼
TownCntry		0	360				
Triton Gp		6	228	⅞	d		
Tubos Mex			639	16¾	16⅜	16¾	+⅜
UtdFoodsA		18	z0	1½	1½	1½	
UtdFoodsB		21	z0				
US Cellu		16	14	24¾	d24⅝	24¾	-⅛
ViacmA		102	2781	31	d30⅝	30⅞	+¼
ViacmB		105	9370	31⅝	31⅝	31⅝	+½
WRET	1.12	19	z0	12⅝	12⅝	12⅝	+⅛

NASDAQ NATIONAL MARKET

4 pm close April 15

- K -

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
Jason Inc		15	208	6⅞	6¾	6⅞	-⅜
Johnson W			274	12½	11⅞	11⅞	-⅛
Jones Int			845	8⅝	8⅜	8½	+¼
Jones Med	0.08	43	6826	29	27½	28⅜	+⅝
JSB Fin	1.40	16	22	42¾	40½	42¾	+1
Juno Ltg x	0.32	13	135	15¾	15½	15¾	+¼
Justin x	0.16	12	1001	11⅞	11	11⅜	+⅜
K Swiss x	0.08		106	41	12¼	11¾	11¾
Kaman Cp x	0.44	11	721	13	d12	12⅛	-⅝
Kelly Sv	0.84	12	862	25⅝	d23¾	23⅞	-1⅜
Kimball x	1.04	13	163	37	d36	36½	+¼
KLA Instr		19	12283	42¼	39¾	39⅞	-1⅛
Koll A			346			⅛	
Komag		13	5392	30⅝	28½	28¾	-½
Kulicke S			4930	25⅜	24½	24⅝	-⅜

- R -

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
Pres Life	0.20	12	288	13⅞	13⅝	13⅞	+⅛
Presstek		126	1573	58¾	53½	54½	+1⅜
PridePt		22	1586	18¾	18⅜	18⅝	+¼
Printroni		13	976	11⅝	11⅛	11½	+½
Prod Ops x	0.28	30	932	56	54⅞	55⅝	+¾
Qualcomm		19	511586	55⅜	54⅛	54⅝	+⅛
Qual Food		23	z0	40¾	40¾	40¾	-½
Quantum		24	34598	46½	43⅛	43⅜	-2.02
Quickslv		15	424	24½	24¼	24¼	-⅛
Quintiles		406	3908	55½	52¾	52⅞	-⅝
Rainbow		12	54	16⅞	d16¼	16¼	-¼
Rallys			3751	3⅞	2⅞	3	
Raymond	0.25	14	378	28¾	28⅛	28⅝	-⅛
RCSB Fin x	0.60	10	780	30⅞	29⅛	29⅞	+⅞
Read-Rite			16533	30¾	28¼	30⅛	+¾

- X - Y - Z -

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
WalshStA		20	2368	37¼	38½	37	+⅜
Wet SealA		19	2465	24¼	22	22½	-1
Wilmtte	1.28	26	z0	63½	d63½	63½	
WmsSonoma		35	1322	31	29⅝	30¾	+⅜
Wolohan L	0.28	12	26	12⅝	12	12	-⅛
Worldcm			60220	23	22½	22⅞	+⅟₁₆
Worthgtn	0.48	19	2025	18⅞	18⅛	18¼	
WPP ADR	0.10	22	338	40¾	40¼	40¾	+½
Wyman-Gdn	0.40	30	4977	u23½	22⅝	23¼	+¾
Xilinx		28	31693	50¼	47⅝	48	+⅛
Xircom		21	27869	15½	d11⅝	12	-3⅜
Xoma Corp			1127	5¾	5⅟₁₆	5⅛	+⅟₁₆
Yellow			5491	u20¾	19⅜	20⅝	+1⅟₁₆
York Rsch		16	202	8	7¾	8	
ZionsUtah x	1.76	17	271	117¼	114⅞	117¼	+2⅞

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Company	Mid price	Change on day	Volume	High	Low	Company	Mid price	Change on day	Volume	High	Low
ActivCard	US$7.625		0	8.25	7.375	Esprit Telecom ADS	US$10.125		0	12.5	9.75
Artwork Systems	US$10.5	+0.125	12100	11.375	10.25	Innogenetics	US$12	+0.125	31194	12.625	10.5
Chemunex	FFr17	-0.5	154300	19	16.5	Mercer Intermtl.	US$9.125	-0.125	0	11.375	8
Dr Solomon's ADS	*US$24.5*	*+0.375*	*0*	*26*	*20.875*	*PixTech*	*US$4.25*		*0*	*6.25*	*4.375*

Prices for 15/4/97. Please note that trading prices are currently used to calculate highs and lows.

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Dow surges as inflation fears fade

AMERICAS

US stock prices enjoyed a strong rally in early trading after encouraging data on inflation raised hopes that interest rates might not have to rise as much as had been feared, *writes Richard Tomkins in New York.*

Blue chips saw some of the strongest gains. At midsession, the Dow Jones Industrial Average was 93.52 ahead at 6,545.42, building on the previous day's gain of 60.21 points and more than clawing back Friday's 148.36-point loss.

The wider market also did well, with the Standard & Poor's 500 index gaining 8.64 to 752.37, but the Nasdaq Composite index, held back by pressure on large capitalisation technology stocks, gained only 2.33 to 1,218.74. NYSE volume was 268m shares.

The boost to stock prices *was prompted by the publication* of inflation figures showing that consumer prices had risen by just 0.1 per cent in March. That brought hopes that last week's gloom over the outlook for inflation and interest rates had been overdone, giving bond prices a boost. Stock prices followed Treasurys upwards.

Among the gainers, Coca-Cola added another $1⅞ to $57¼ after Monday's strong first-quarter results, and Eastman Kodak put on $2¼ to $75⅝ after yesterday's results lifted hopes that the company's outlook had improved following a recent profit warning.

The financial sector, and banks in particular, benefited from the improved perception of the interest rate outlook. Citicorp, boosted by better than expected earnings, was up $3¼ at $109, and Chase Manhattan, also reporting good results, was up $2 at $92½.

Salomon Brothers edged up $¼ to $52⅛ in spite of reporting first-quarter earnings per share of $1.37, well below analysts' expectations of $1.50. Merrill Lynch rose $2⅞ *to* $90⅝ after reporting record quarterly earnings well in excess of analysts' estimates.

In the technology sector, however, Intel brought worries by sounding a cautionary note about second-quarter revenues, sending its shares down $3⅝ to $130⅝ in spite of strong first-quarter results.

TORONTO pushed ahead in good volume, buoyed by the early gains on Wall Street and a number of strong features among leading stocks, notably Northern Telecom and Bank of Montreal.

At noon, the 300 composite index was up 46.07 at 5,725.40.

News of share buyback plans sent Bank of Montreal racing forward during hectic morning trading. The shares had added C$1.45 to C$47.60 by midsession. What dealers saw as a breakthrough Chinese contract, lifted North Telecom by C$2.55 to C$91.35.

Elsewhere among leaders, Alcan Aluminium advanced C$1.20 to C$44.65 and Seagrams gained 30 cents to C$50.85.

Dax jumps 2.2% on sharp gains in exporters

EUROPE

Early gains on Wall Street plus a good day for bonds generally sent FRANKFURT racing ahead during the European afternoon.

Volume stayed low by recent standards, but everything else went into overdrive as a restrained showing for US inflation in March jerked the Dax index out of its morning somnolence.

At the close, the lead index was 71.74 or 2.2 per cent higher at an Ibis-indicated 3,369.26.

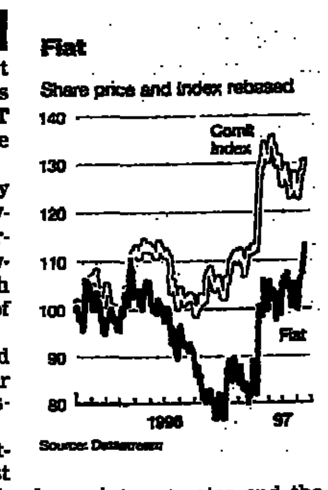
Some of the bigger exporters produced the strongest gains. MAN and Linde, both of which suffer from relatively thin, illiquid trading, jumped DM26.30 or 5.5 per cent to DM504.30 and DM54.00 to DM1,160 respectively.

Daimler-Benz made further progress ahead of today's results statement, gaining DM2.15 to DM136.9 and Continental put on DM1.36 to DM38.86 after what brokers described as "an aggressively large buy order".

But Volkswagen continued to suffer from profit-taking, slipping DM11.00 to DM1,039.

Adidas, which announced plans to raise additional capital for acquisitions, gained DM4.20 to DM186.

MILAN kept its hopes pinned on expectations of lower interest rates and the Comit index rose 12.87 to 769.02 while the real-time Mibtel index added 252 to 12,320.



Fiat rallied L202 to an 18-month high of L5,837, boosted by strong domestic and European-wide sales figures for March and pulled along by the recent strong performance of Volkswagen in Frankfurt.

Data from Brussels showed Fiat group registrations up 7.5 per cent in March, giving it a European market share of 12.8 per cent, up from a previous 11.6 per cent, and in second place behind VW. New registrations in Italy alone jumped 22.7 per cent, boosted by the government's sales incentive scheme.

Mediobanca, up L677 at L11,072, and BCI, L177 higher at L3,695, continued to advance on the back of speculation that the two planned a merger.

In spite of the sharp gains in both banks, many analysts remained sceptical.

Following a string of declining sessions, Olivetti recovered *L24.1 to L554.6 as* investors awaited final 1996 figures and indications of how the loss-making group had performed in the first months of 1997.

PARIS ended on a firm note thanks to gains of more than 4 per cent by index heavyweights LVMH and Rhône Poulenc.

At the close the CAC 40 index was up 54.50 at 2,620.63, although volume was below average at 8.7m shares.

Strong first-quarter sales lifted LVMV while Poulenc responded to upbeat feedback from the company's meeting with analysts. The former added FFr60.00 to FFr1,347 and Poulenc put on FFr7.40 to FFr181.25.

Pinault stood out among retailers, gaining FFr81.00 to FFr2,434. Elf Aquitaine rose FFr17.00 to FFr549 on oil exploration news and Peugeot continued to climb ahead of tomorrow's results, adding FFr4.00 to FFr629.

SGS-Thomson regained all and more of Monday's losses, rallying FFr28.00 or 7.5 per cent to FFr404 after Lehman Brothers reiterated a "strong buy" recommendation.

FTSE Actuaries Share Indices

THE EUROPEAN SERIES

Apr 15 Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FTSE Eurotrack 100	2162.47	2162.74	2162.33	2161.47	2162.81	2168.36	2173.43	2172.03
FTSE Eurotrack 200	2185.05	2185.16	2186.89	2187.40	2189.96	2192.61	2200.48	2200.37

	Apr 14	Apr 11	Apr 10	Apr 9	Apr 8
FTSE Eurotrack 100	2145.23	2170.87	2170.14	2169.11	2147.41
FTSE Eurotrack 200	2169.78	2193.75	2193.00	2192.80	2170.67

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AMSTERDAM was the best performer among senior bourses, climbing 18.94 or 2.6 per cent to 735.15 on the AEX index after a storming session for financials.

Aegon jumped Fl 7.10 or 5.6 per cent to Fl 134.20 and ABN Amro rose Fl 5.50 to Fl 126.

Fortis Amev, which claimed to be on the acquisition trail, added Fl 1.40 to Fl 69.20.

Philips was relatively well dealt, adding Fl 2.50 to Fl 88.7 in 3.1m shares traded, but broad market volume mirrored the dull pan-European tendency.

Hoogovens had an early scare, sliding 70 cents on plans for a convertible bond issue, but pulled back to finish 20 cents better at Fl 86.60.

Plans to split Vendex into two separately listed companies pushed the shares ahead by Fl 2.00 to Fl 92.90.

BolsWessanen was the day's only faller, dipping 40 cents to Fl 36.70.

ZURICH pushed 1.3 per cent higher as US influences overcame a disappointing first quarter sales report from Roche, one of the market's heavyweights. The SMI index finished 57.1 higher at 4,643.4.

Roche certificates gave up SFr80 to SFr11,850 as the company failed to satisfy the market with an 18 per cent rise in 1997 first-quarter sales and a forecast of another rise in full-year profits.

Some investors were also disappointed with the chairman's statement that the company had no plans to split or buy back its shares. Novartis, often a beneficiary of switching from Roche, picked up SFr1,785.

Holderbank, the world's leading cement producer, ticked SFr9 higher to SFr1,137: after the market closed, the company said that it was taking extraordinary provisions and valuation adjustments totalling SFr607m in its 1996 accounts.

MADRID gained 2.3 per cent after a 25 basis point cut in the key interest rate and the general index added 10.63 to 487.02.

Traders said that good domestic economic data had supported the advance and that analysts were predicting further rate cuts later in the year.

STOCKHOLM added 2.4 per cent, taking its lead from the US rather than the day's supplementary budget which had been widely leaked beforehand. The general index rose 62.24 to 2,665.92.

BRUSSELS featured a 4.6 per cent jump in Petrofina, the oil group, mainly on a strong dollar, a belated response to its earnings statement and a recent report of an oil find by its French rival, Elf-Aquitaine, in Angola, where the Belgian oil group has interests.

The shares rose BFr550 to BFr12,550 as the Bel-20 index picked up 33.17 or 1.6 per cent to 2,129.51.

ISTANBUL's IMKB National-100 index closed 33 higher at 1,535 ahead of a series of holidays which will delay the settlement of transactions until next week.

Written and edited by Michael Morgan and Jeffrey Brown

Tokyo rebounds as Kuala Lumpur adds to loss

ASIA PACIFIC

Tokyo rebounded as investors, encouraged by New York's recovery overnight, resumed buying blue-chip issues and some financial stocks. Gains in the 225 index, however, were capped by profit-taking at the 18,000 point level, *writes Gwen Robinson.*

The Nikkei 225 average climbed 241.12 to 17,933.59 after moving between 17,712.07 and 18,000.60. Steady buying of blue chips and banking issues by foreign securities houses balanced waves of selling by domestic institutions as the 225 index approached the 18,000 level.

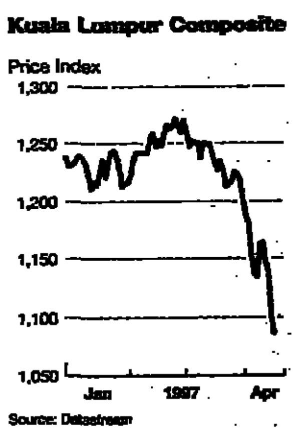
Analysts said the gain was due primarily to short-term factors and an inflow of Japanese public funds to the market.

Volume rose from 336m shares to an estimated 396m. Advances led declines 747 to 351 with 142 unchanged. The Topix index of all first-*section stocks added 14.89 to* 1,342.40 and the capital-weighted Nikkei 300 was up 3.15 at 260.84.

In London, the ISE/Nikkei 50 index rose 4.23 to 1,446.03.

Banks broadly advanced, with the exception of Nippon Credit Bank, the day's most active issue. NCB fell Y7 to Y251 after gaining in recent sessions on news of its tie-up with Bankers Trust. Among the day's most popular banking issues, Bank of Tokyo-Mitsubishi added Y80 to Y1,840, Fuji Bank Y70 to Y1,300 and Dai-Ichi Kangyo Bank Y50 to Y1,200.

Nomura Securities, the second most active issue, was the only loser among the big four securities houses, sliding a further Y10 to Y1,120 after earlier reaching its 1992 intra-day low of Y1,100. The Japanese parliament yesterday decided to summon Mr Hideo Sakamaki, the former president *of Nomura, to answer questions about the company's dealings with a company linked to a "sokaiya" corporate racketeer. Nikko Securities added Y17 to Y595, Yamaichi Securities Y11 to Y311 and Daiwa Y2 to Y716, after recent declines in their share prices. The upturn is likely to be temporary, however, as investigations into the three brokers could lead to further disclosures of illegal trading activities.



Blue-chip electricals and high-technology stocks moved up after Monday's slide.

Sony added Y60 to Y9,010, TDK Y80 to Y8,830 and Advantest Y40 to Y6,980. Hitachi, however, fell Y10 to Y1,120 after gaining earlier in the day. Pharmaceuticals also advanced, with Takeda Chemical adding Y2,820 and Daiichi Pharmaceutical Y30 to Y1,990.

In Osaka, the OSE average added 154.99 to 18,779.07 in volume of 24.9m shares.

KUALA LUMPUR added to Monday's 3.3 per cent tumble with a fall of another 1.3 per cent as foreign institutional funds sold holdings in an already nervous market.

At the close, the composite index was 14.42 lower at 1,086.67 having picked up from an intra-day low for the year of 1,080.83.

Analysts said sentiment *had again been badly dented* by worries over the potential for earnings growth at several banks with exposure to property lending and share financing, after the central bank imposed measures to curtail speculation within the sectors.

Rumours that several brokers had been suspended from trading for exceeding their lending limits appeared unfounded as fund managers and dealers said they had executed trades through the firms.

SYDNEY closed higher after a day of narrow trading. The All Ordinaries index rallied 15.6 to 2,381.7.

News Corp rose 11 cents or 1.9 per cent to A$5.83 on news of management changes, and oil stocks were also a feature. Woodside added 26 cents to A$9.60 and Santos 14 to A$4.86. The broad traded quietly. NAB gained 7 cents to A$15.88.

WELLINGTON responded positively to lower than expected inflation data. The capital index closed up 16.11 at 2,243.21.

Up 11 points prior to the March inflation announcement, the index jumped to a 25 gain before peeling back late in the day. NZ Telecom, the most active stock, added 7 cents to NZ$6.55 after NZ$6.62.

TAIPEI succumbed to late profit-taking and ended with the weighted index 23.26 lower at 8,616.11. Turnover remained heavy at T$171.1bn. Financials, one of the hottest sectors in the market's 25 per cent advance this year, bore the brunt of the selling. Fubon Insurance T$3 to T$82.50.

MANILA finished higher in low volume, buoyed by the overnight rally on Wall Street. The main index gained 16.62 to 2,949.46. Brokers said there had been some bargain hunting in selected blue chips.

JAKARTA fell to a new low for the year, unsettled by political demonstrations. The composite index closed off 3.89 at 631.27.

HONG KONG was firmer but closed well off the day's highs, dragged back by weakness in property stocks and despite continued buying interest in red chips. The Hang Seng index, up 81.77 by the end of the morning session, closed 46.05 higher at 12,342.02. Turnover picked up to HK$9.1bn.

SINGAPORE bounced back from an intra-day 25-month low although analysts warned that the market still looked poised for further falls.

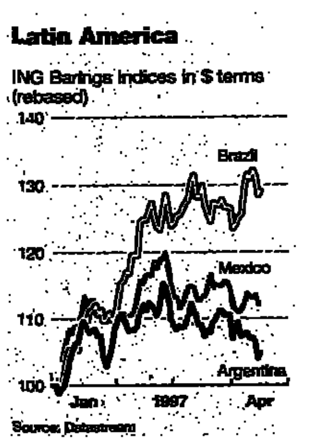
The Straits Times Industrial index settled at 2,032.97, down 1.67, but up from a late afternoon 2,027.11.

BOMBAY shrugged off a central bank credit policy designed to lower interest rates as investors instead continued to focus on efforts to form a new government. The BSE-30 index closed 57.72 or 1.6 per cent higher at 3,647.44.

Flemings continues to tip Latin America

Robert Fleming, the London investment bank, has said that Latin America remained its top regional choice among the emerging markets. And in its monthly emerging markets focus, Flemings said that it remained overweight in the region.

"Assuming the restoration of a degree of equilibrium in developed markets, we feel *that Latin America will once* again be the focus of global investor liquidity," it said. "With a continuing good supply of strong company stories, we see widespread potential for gains, with Brazil remaining our favourite large market."



SAO PAULO tracked Wall Street higher during early trading. Dealers said a number of aggressive buyers moved into action once the US inflation numbers emerged, and added that sentiment had been buoyed generally by the rising trend of net foreign capital inflows. At midsession, the Bovespa index was 129.00 or 1.4 per cent higher at 9,585.

MEXICO CITY moved ahead at the opening bell but fell back in mid-morning when an upward blip for money market rates sent investors scurrying to the sidelines. At midsession, the IPC index was off 10.83 at 3,787.82.

S Africa industrials ahead

Johannesburg swung on to the upside in late trading with a strong performance by industrials outweighing continued losses in golds. At the close, the all-share index was up *30.9 to 6,997.3.*

Brokers said the market had burst into life once the latest US inflation data became known. Industrials surged 70.7 to 8,237.5 but golds index closed off 12.6 at *1,270.7.*

FT/S&P ACTUARIES WORLD INDICES

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NATIONAL AND REGIONAL MARKETS — MONDAY APRIL 14 1997

Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield
Australia (76)	214.66	-1.4	196.14	171.43	192.32	183.22	-0.6	4.15
Austria (24)	175.85	0.1	160.69	140.44	157.55	157.49	0.1	1.87
Belgium (26)	227.73	-0.4	208.08	181.86	204.02	199.39	-0.6	3.58
Brazil (30)	238.57	-0.8	217.98	190.52	213.74	465.39	-0.7	1.10
Canada (114)	178.32	0.0	162.93	142.40	159.78	180.52	0.1	2.16
Denmark (32)	350.51	-1.1	320.27	279.92	314.03	312.85	-1.1	1.62
Finland (28)	243.36	-1.7	222.36	194.35	218.03	262.83	-1.8	1.74
France (91)	213.08	-0.3	194.70	170.17	190.91	193.73	-0.3	2.78
Germany (59)	193.39	-1.7	176.70	154.44	173.26	173.26	-1.7	1.63
Hong Kong (86)	445.82	-1.6	407.35	356.03	399.42	443.56	-1.6	3.42
Indonesia (27)	224.88	-0.2	205.47	179.59	201.47	331.64	-0.3	1.61
Ireland (16)	322.44	-1.2	294.62	257.51	288.88	294.37	-1.0	3.24
Italy (59)	86.86	0.1	79.37	69.37	77.82	109.90	-0.1	2.17
Japan (485)	107.94	-0.9	98.63	86.20	96.71	86.20	-0.7	0.91
Malaysia (107)	545.44	-3.5	498.38	435.60	488.67	527.06	-3.4	1.22
Mexico (27)	1359.16	0.9	1241.89	1085.44	1217.70	11741.19	0.8	1.17
Netherland (19)	330.32	-1.1	301.82	263.80	295.94	292.07	-1.1	2.68
New Zealand (14)	83.75	-0.5	76.53	66.89	75.04	64.26	-0.2	4.42
Norway (41)	293.31	-0.4	268.00	234.24	262.78	277.24	-0.6	2.21
Philippines (22)	177.96	-1.3	162.61	142.12	159.44	233.80	-1.3	0.77
Singapore (43)	380.74	-1.6	347.89	304.06	341.11	252.92	-1.6	1.12
South Africa (44)	353.76	-1.1	323.24	282.52	316.94	344.66	-0.9	2.43
Spain (35)	212.04	0.3	193.75	169.34	189.97	232.95	0.2	2.71
Sweden (49)	416.14	-0.3	380.23	332.33	372.82	468.94	-1.1	2.22
Switzerland (36)	253.38	-0.5	231.52	202.35	227.01	230.66	-0.4	1.42
Thailand (43)	84.40	0.0	77.11	67.40	75.61	85.44	0.0	3.65
United Kingdom (211)	275.44	-0.6	251.67	219.97	246.77	251.67	-0.5	3.91
USA (653)	301.54	0.8	275.52	240.81	270.15	301.54	0.8	2.00
Americas (824)	276.08	0.7	252.25	220.48	247.34	232.58	0.7	1.99
Europe (726)	238.44	-0.7	217.87	190.42	213.62	222.00	-0.7	2.82
Nordic (150)	358.82	-0.6	327.86	286.55	321.47	351.14	-1.1	2.06
Pacific Basin (883)	127.18	-1.1	116.20	101.56	113.94	99.89	-1.0	1.46
Euro-Pacific (1609)	173.55	-0.9	158.57	138.60	155.48	145.98	-0.8	2.23
North America (767)	293.96	0.7	268.60	234.76	263.37	293.53	0.7	2.01
Europe Ex. UK (515)	213.38	-0.7	194.97	170.41	191.17	201.08	-0.8	2.19
Pacific Ex. Japan (398)	287.80	-1.8	262.97	229.84	257.85	250.43	-1.5	2.96
World Ex. US (1824)	176.94	-0.8	161.67	141.31	158.52	151.74	-0.8	2.21
World Ex. UK (2266)	210.97	0.0	192.76	168.48	189.01	188.96	0.0	1.91
World Ex. Japan (1992)	271.78	0.1	248.33	217.05	243.49	263.07	0.1	2.33
The World Index (2477)	216.43	-0.1	197.75	172.84	193.90	194.60	-0.1	2.11

FRIDAY APRIL 11 1997 — DOLLAR INDEX

Figures in parentheses show number of lines of stock	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	52 week High	52 week Low	Year ago (approx)
Australia (76)	217.79	198.71	173.65	195.21	184.26	225.77	188.44	203.97
Austria (24)	175.63	160.24	140.04	157.42	157.36	195.04	174.70	182.68
Belgium (26)	228.62	208.59	182.29	204.92	200.60	241.54	205.89	209.05
Brazil (30)	240.48	219.40	191.74	215.55	468.76	247.23	153.40	153.85
Canada (114)	178.27	162.65	142.14	159.79	180.31	203.31	154.12	159.48
Denmark (32)	354.30	323.26	282.50	317.57	316.43	376.98	291.89	295.07
Finland (28)	247.61	225.91	197.43	221.94	267.63	268.58	175.78	175.78
France (91)	213.69	194.97	170.39	191.54	194.42	226.25	186.94	194.19
Germany (59)	196.73	179.49	156.86	176.33	176.33	207.65	164.47	171.46
Hong Kong (86)	452.94	413.25	361.15	405.99	450.61	514.49	407.55	427.23
Indonesia (27)	225.37	205.62	179.70	202.01	332.61	-	-	-
Ireland (16)	326.49	297.89	260.33	292.65	297.37	343.35	284.72	284.72
Italy (59)	86.74	79.14	69.16	77.75	110.03	98.32	73.26	75.75
Japan (485)	108.92	99.38	86.85	97.63	86.85	164.69	107.57	154.39
Malaysia (107)	565.26	515.73	450.70	506.66	545.34	660.85	512.47	556.02
Mexico (27)	1347.34	1229.28	1074.29	1207.68	11668.48	1445.68	1110.35	1241.44
Netherland (19)	334.01	304.75	266.32	299.39	295.47	357.18	279.88	289.94
New Zealand (14)	84.19	76.82	67.13	75.46	64.39	95.60	75.94	81.03
Norway (41)	294.50	268.70	234.82	263.97	278.76	321.23	243.32	244.15
Philippines (22)	180.37	164.57	143.82	161.67	236.97	-	-	-
Singapore (43)	386.94	353.03	308.52	346.83	256.95	449.15	371.28	441.44
South Africa (44)	357.59	326.26	285.12	320.52	347.72	381.77	301.49	366.27
Spain (35)	211.35	192.83	168.52	189.44	232.44	228.16	171.91	172.38
Sweden (49)	417.32	380.75	332.75	374.06	475.04	448.64	334.35	335.58
Switzerland (36)	254.52	232.22	202.94	228.13	231.62	262.41	229.36	239.65
Thailand (43)	84.40	77.00	67.29	75.65	85.44	186.23	73.98	183.44
United Kingdom (211)	277.16	252.87	220.99	248.42	252.87	285.30	228.85	230.93
USA (653)	299.25	273.03	238.61	268.23	299.25	331.54	254.79	259.44
Americas (824)	274.13	250.11	218.58	245.71	230.93	303.45	233.09	237.20
Europe (726)	240.06	219.03	191.41	215.17	223.56	248.97	204.71	206.97
Nordic (150)	361.07	329.43	287.90	323.64	355.15	385.85	288.28	288.28
Pacific Basin (883)	128.65	117.38	102.58	115.31	100.85	177.01	127.18	167.82
Euro-Pacific (1609)	175.08	159.74	139.60	156.93	147.17	191.51	173.55	183.91
North America (767)	291.84	266.26	232.69	261.58	291.39	323.69	248.65	253.22
Europe Ex. UK (515)	214.89	196.07	171.35	192.62	202.76	224.70	185.65	188.86
Pacific Ex. Japan (398)	293.09	267.41	233.69	262.70	254.32	320.65	268.97	290.24
World Ex. US (1824)	178.42	162.78	142.26	159.92	152.80	193.47	176.94	185.10
World Ex. UK (2266)	211.04	192.55	168.28	189.17	188.98	228.59	199.58	205.60
World Ex. Japan (1992)	271.64	247.84	216.59	243.48	262.69	292.72	233.10	237.64
The World Index (2477)	216.64	197.66	172.73	194.18	194.72	233.38	202.32	207.78

PLEASE NOTE: Amendments to indices 14/4/97 applied to USA, related regional indices and The World Index. Latest prices were unavailable for this edition. Market closed 14/4/97, Thailand.